CHAPTER I
INTRODUCTION

Classical organisation theory dominated management thinking during the first half of the twentieth century. Its origins can be traced back to the ideas of Adam Smith who in the Wealth of Nations showed, as early as 1776, how division of labour could improve productivity of pinmakers a hundredfold or more. However it was only in the early 1900s that the full philosophy of the classical theory was developed by men like Frederic W. Taylor, Henri Fayol and Max Weber. The classical approach to organisation design was based on (a) full division of labour, (b) rigid hierarchy and (c) standardization of labour to reach its objectives. The idea was to lower costs by using unskilled repetitive labour that could be trained easily to do a small part of a job.¹

The said approach did result in substantial increases in economic productivity. As it turned out, however, these gains often involved considerable human cost. Because of excessive division of labour and overdependence on rules, procedures and hierarchy, the worker became isolated from his fellow workers and felt alienated. The result was higher turnover, absenteeism, and decline in quality of products.

¹ Taylor, Frederick, W., The Principles of Scientific Management, Harper and Brothers, New York, 1911, p.43.
It took the academicians and practitioners of management some time to recognise the nature and severity of the problem. Roethlisberger and Dickson offered a behavioural interpretation of management based on their findings from the famous Hawthorne studies. They stressed the importance of individual differences, informal group interaction, and participation in decision-making. A little later, McGregor warned that "practically all the means of need satisfaction which workers today obtain from their employment can be utilized only after they leave their jobs."¹ In other words, the popular personnel devices of the time such as vacations and insurance benefits, were satisfactions to be derived off the job.

A few years later, Chris Argyris concluded that poor organisational design established a basic incongruence between formal organisations and the workers' drive for self-actualization. Argyris maintained that organisations tend to ignore the potential of people and fail to encourage self-development in areas that are meaningful to people. By not encouraging responsibility and innovation, organisations

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fail to develop and utilise the full potential of the whole man.¹

Modern industrial organisation is a complex entity. It consists of many individuals who, working in different functions and roles, are engaged in the pursuit of some overall goal or a set of goals. Every organisation operates in terms of a set of policies and norms, which are sometimes clearly laid down while at other times are in the form of traditions and conventions. To plan, coordinate and control its various activities, an organisation requires managers who, in their day-to-day interactions, reflect a variety of leadership styles and skills in dealing with their subordinates.² The sum of total of these and many other such activities creates an internal environment within each organisation, which accounts for its uniqueness and identity. Members of an organisation work within and are continuously influenced by this internal environment which is also called organisational culture or organisational climate.³


Each organisation deals with its members in a variety of ways in the course of their employment. To obtain their cooperation in achieving organisational objectives, the management of an organisation must satisfy various needs of the employees. Through actions such as allocation of resources, reward and punishment, pattern of communication, mode of decision-making, style of leadership, and so on, an organisation influences the feelings, attitudes and behaviour of its members. In the course of time, such actions by the management acquire an enduring quality and result in creating a unique organisational culture or climate. As viewed by Baumgartel (1971), organisational climate is a product of leadership practices, communication practices, and enduring and systematic characteristics of the working relationships among persons and divisions of any particular organisation. Like an individual, an organisation too has its own unique identity or "personality" which, according to Insel and Moos (1974), exerts directional influences on behaviour.¹ The conceptual framework on which preceding observations are based can be outlined as follows:

Five decades ago Koffka (1935) had suggested that individual behaviour could be more meaningfully understood if it was related to the behavioural environment, as perceived and reacted to by the subject. At about the same time, Lewin (1935) discussed the impact of environmental factors on behaviour. He maintained that psychological atmosphere is an empirical reality and a scientifically describable fact. A little later, Murray (1938) pointed out that behaviour could not be described without reference to the environment in which it occurred as it was the individual-environment interaction that influenced behaviour. Murray called the relevant characteristics of the individual as "needs" and the relevant characteristics of the environment as "press".

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These formulations may be regarded as the first developments of the interactionist view of behaviour. During the subsequent almost three decades of research by behavioural scientists, the interactionist view seems to have been lost sight of. Instead, the notion of individual differences has received far greater attention in explaining motivation, performance, reactions to job characteristics, and a host of other organisational behaviours. Thus although industrial and organisational psychologists have traditionally viewed behaviour as jointly determined by characteristics of the individual and characteristics of the organisation, research in industrial psychology has been heavily skewed toward the individual. As Hackman (1976) points out, substantial knowledge is now available about the attributes of individuals, which are important for understanding organisational behaviour, but less is known about the organisational side of the equation.

The above trend to some extent been reversed from the mid-sixties with the use of the concept of climate. As argued by Payne and Pugh (1976), the traditional concerns of studying organisational behaviour from the point of view of

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individual are gradually getting transformed into more general interests in the study of organisation as the environmental setting that influences both individual and group behaviour. Discovering how the organisation is a psychological meaningful environment for its members has led to the concept of Organisational Climate (O.C).¹

Under the heading OC are subsumed indicators of the subjective reactions of organisational participants to their work life. The "mood" of the organisation members has traditionally been more of a concern to organisational psychologists than to organisational sociologists. However, sociology of organisations cannot ignore this phenomenon, since the degree to which people experience joy and/or deprivation constitutes in itself a significant human "output" of the organisation. Furthermore, the positive or negative reactions of people to their organisational environment, however subjective the same might be, can be taken to have quite substantial repercussions for organisational performance.

During the last two decades,² there have been intensive and diverse to conceptualise, measure and utilise


the OC construct. Schneider and Reichers (1983) are of the view that the climate construct provides a useful alternative to motivational explanations of behaviour at work and adds a needed emphasis on the importance of group phenomena in organisational research.\textsuperscript{1} Whereas motivationists tend to concentrate on the explanation of behaviour from the individual's perspective, climate research tends to focus on aggregated or group level data to discover relationships between clusters of perceptions and organisationally relevant outcomes. Although the importance of group membership and group influences on individual behaviour and organisational functioning has never been denied, group phenomena have not received the attention they deserve in explaining behaviour at work.\textsuperscript{2}

In social sciences, it is customary to couch one's generalisations in the following form: "Other things being equal, x influences y." In real life, other things are rarely equal and, therefore, such generalizations are of questionable value. Take, for example, individual vs. organisational perspective in studying organisational


behaviour. Those who have explained variations in behaviour as a function of differences in motives have accepted organisational situation as a given condition instead of studying it and using it as one of the explanatory factors. There are others who have accepted motives as a given condition and have gone ahead to explain behaviour as a function of organisational conditions and practices. As Schein (1965) puts it, the two sets of factors interact in a complex fashion requiring us to develop theories and research approaches which can deal with systems and interdependent phenomena.

All social settings are subject to variable perceptions by their participants. Work organisation is one such setting in which the characteristics of those perceptions are worthy of study. Schneider and Hall (1972) view perceived organisational climate as phenomenon that represents an interaction between personal and organisational characteristics. Likewise, Payne and Mansfield

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(1973) view OC as a conceptual linkage between organisation and individual that intervene between specific situational attributes or events and individual perceptions, attitudes and behaviour. The concept of OC, therefore, encompasses both organisational and individual characteristics and attributes.

Most measures of organisational climate (OC) are based on perception of members of the organisation. Payne and Pugh (1976) have noted that there have been very few studies which have examined the congruent validity of climate measures by comparing objective and subjective measures. They attribute this to the concept's infancy as well as the high cost of collecting observational data from several organisations. There are, however, some studies of educational institutions (see, for example, Astin and Holland, 1961) in which sizeable correlations were found between perceptual and objective climate measures.

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Stern (1970) explored the association between a person's needs and his perception of climate using Murray's needs-press theory as a framework for both a personality measure and a climate measure. Joint factor analysis of the two measures showed little overlap between them. This evidence, though limited in scope and coverage, nevertheless shows that perceptual descriptions of an organisation are not totally idiosyncratic but say something important about organisational reality.

No one working in an organisation can fully comprehend the entire organisational environment because of its variety and diversity. And yet every one thinks and feels that he knows his organisation and its culture. This "knowledge" about OC is bound to vary from person to person as each of them perceives the same organisation from his own position, experience and point of view. Perception, then, is that psychological process that seeks to bring order and meaning out of a complex situation. The picture that a person has formed in his mind about the organisation he works in is a measure of OC. This mental picture, in turn,

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influences a person's motivation and behaviour within the organisation.¹

The fact that perceived OC may not correspond exactly to objective reality does not in any way diminish its importance. It is by now well established that human behaviour is influenced not so much by the objective environment as by the subjective meaning it has for the person. In other words, human conduct is influenced more directly by subjective perception of reality than by reality itself. Under the circumstances, the concept of OC is neither entirely objective nor entirely subjective, but a half-way house between the two. The importance of the concept lies in the fact that we can explain human motivation and behaviour with the help of this vital "intervening" variable. With this background in mind, let us look at some formal definitions of OC.²,³

DEFINITIONS OF OC

Forehand and Gilmer (1964) define OC as a set of characteristics that (a) describe the organisation and


distinguish it from other organisations, (b) are relatively enduring over time and (c) influence the behaviour of people in the organisation.¹

Georgopoules (1965) defines OC as a normative structure of attitudes and behavioural standards which provide a basis for interpreting the situations and act as a source of pressure for directing activities.²

Litwin and Stringer (1968) define OC 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 influences their motivation and behaviour.³

Tagiuri and Litwin (1968) define OC 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.¹

Friedlander and Margulies (1969) define OC 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.²

Taylor and Bowers (1970) define OC as the perceived traits of organisational stimuli which become a group property through interpersonal interactions and which modify overt behaviour of people within the organisation.³

Campbell et al. (1970) define OC as a set of attributes specific to a particular organisation that may be induced from the way the organisation deals with its members and its environment. For the individual member within the organisation, OC takes the form of a set of attributes and expectancies which describe the organisation in terms of

¹ Tagiuri, R & Litwin, G. H., Organisational Climate: Explorations of a Concept, Harvard University Press, Boston 1968, p.84.


both static characteristics (such as degree of autonomy) and
dynamic characteristics (such as behaviour outcomes).¹

Payne (1971) defines OC as a moral concept, reflecting the content and strength of the prevalent values, norms, attitudes, 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 objective means.²

Pritchard and Karasick (1973) define OC as a relatively enduring quality of an organisation's internal environment, distinguishing it from other organisations, 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) serve as a basis for interpreting the situation and (d) acts as a source of pressure for directing activity.³

Hellriegel and Slocum (1974) define OC 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. Several themes are implicit in this definition of OC: ¹

a. perceptual responses sought are primarily descriptive rather than evaluative;
b. the level of inclusiveness of the items, scales, and constructs are macro rather than micro;
c. the unit of analysis tends to be attributes of the organisation rather than the individual; and
d. the perception of OC have potential behavioural consequences.

The above definitions have a number of common elements such as (a) OC is a molar concept; (b) though subject to change, OC is enduring over time; (c) despite differences in individual perceptions, there can be broad overall agreement in describing OC: (d) when used in the form of summated, averaged perceptions of individuals, OC is a characteristic of the organisation instead of the individual; and (e) OC influences the behaviour of members.

of the organisation. The term OC, as used in the present study, has all of these five sets of qualities and meanings.¹

THEORETICAL UNDERPINNINGS

Schneider (1975) is of the view that the concept of OC rests on certain assumptions which are associated with the Gestalt school of psychology and the school of Functionalism.² These assumptions may be stated as follows: (a) humans attempt to apprehend order in their environment and to create order through thought and (b) human apprehend and/or attempt to create order in their environment so that they can effectively adapt their behaviour to the work environment. Thus, climate perceptions represent meaningful apprehension of³ "order" in the perceiver's world based on direct cues as well as inferences regarding the presence of psychologically equivalent cues. Gestalt theory, and in particular social psychologists from the Gestalt tradition,


not only stressed the drive to create order but also to behave on the basis of apprehended order. The apprehension of order, then, has direct implications for behaviour. As suggested by Heider (1958), people do have 'theories' about the way the world is ordered and they use these theories as a framework for their behaviour.\textsuperscript{1} Thus, we may conclude that people (a) apprehend order in their world of work based on perceived and inferred cues and (b) behave in ways that fit the order they apprehend (Schneider, 1975).\textsuperscript{2}

While Gestalt psychologists hypothesized that people apprehend and create order because they have no choice. Functionalists proposed that order is apprehended and created so that people can function adaptively in their world Schneider (1975) has quoted evidence from many studies to conclude that in general people adapt to or try to adapt to the climate of their situation. They do this to achieve some kind of homeostatic balance with their psychological environment. The desire on the part of individuals to adapt to their environment tends to depress display of individual differences unless their climate supports or otherwise

\textsuperscript{1} Heider, F., \textit{The Psychology of Inter-Personal Relations} John Wiley, New York, 1958, p.132.

provides for the display of such differences. In a way, the Functionalist view implies that situational characteristics rather than individual attributes are the main determinants of behaviour in organisations.

Litwin and Stringer (1968), through their experimental studies, found that a given leadership style produced a characteristic climate which, in turn, aroused a particular motive as measured by the TAT. This shows how we can create or alter climate in a group, and how climate can then arouse a motive appropriate for its demands. Changing the overall climate of an organisation is the primary objective of many programmes of organisational change. In general, such change efforts are by those who call themselves Organisation Development (OD) specialists or consultants. Most of the activities of contemporary OD practitioners can be subsumed by the following two general approaches, both of which attempt to realise direct change in the climate and interpersonal style which characterise the organisation:

(a) Helping organisations build more effective teams of organisation members, with special attention to issue of participation and leadership within teams.

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(b) Helping organisations find new and better means of managing interpersonal and intergroup conflict with special attention to creating a climate of collaboration throughout the organisation.

Although organisations are never static, there is need to introduce planned changes in them from time to time so as to enhance their effectiveness and the well-being of those who work in them. As past experience has shown, such a planned change calls for extensive use of behavioural science knowledge and techniques. Planned change or OD intervention can take one or more of the following forms; (1) changing the individuals who work in the organisation, (2) changing specific structures or systems of the organisation, and (3) changing the overall climate of the organisation. Effective programmes of organisational change usually involve the simultaneous use of more than one of these approaches.¹

Planned change in an organisation may be directed at individuals working in the organisation with a view to improving their skills, attitudes and behaviour. This is

accomplished through education, training, socialisation, \(^1\), \(^2\), \(^3\) and attitude change techniques. This approach to change is based on the assumption that behaviour in organisations is influenced by the characteristics and attributes of people who compose the organisation. \(^4\)

The second approach to organisational change is directed at organisational structure, job design, and/or systems and procedures. The objective here is to create conditions to elicit and reward employee behaviour that facilitates the achievement of organisational objectives. The underlying assumption of this approach is that behaviour in organisations is influenced by the characteristics of the organisational situation in which people work. \(^5\)

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Finally, some OD efforts are directed at organizational climate or style of management at the organisation-wide level. The objective here is to create a system-wide climate which is characterised by high interpersonal trust and openness and reduction of dysfunctional consequences of excessive social conflict and competitiveness. This approach to change is based on the assumption that behaviour in organisations is influenced by the emotional and social processes which characterise the relations among members of the organisation.

The demand for a better working life has resulted in proliferation of change technologies, which are designed to make people more satisfied and productive in the work setting. This demand has led to what is popularly known as the quality of work life (QWL) movement, which deals with issues of job status, job content, relationships with peers and supervisors, reward systems, working conditions, and many other aspects of one's work life. QWL movement seeks

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changes in not only the structural aspects of the organisation but also in the organisational processes. In the structural approach, attempts are made to modify certain structural or procedural factors, while the process approach tends to focus more on how things are done. The scope of these changes may include the whole organisation or a sub-units thereof.¹

Changes in an organisation do not take place in a vacuum. They are always imbedded in some existing climate or "culture", i.e., a set of customs and typical patterns or ways of doing things. An organisation that has any history at all has developed some sort of culture, which will have a vital impact on the degree of success of any efforts to alter or improve the organisation.² Many OD efforts have failed due to insufficient attention in advance to the prevailing culture. The point is not that an organisation's culture cannot be modified but rather that, if development is to take place, its chances for success will be improved


by taking into account the prevailing norms and values that already exist in the organisation.¹

In an article on strategic planning for work climate modification, Ginsberg (1978) has outlined how changes in climate can be planned in a systematic fashion.² The approach is based on an objective method for assessing and evaluating performance in the area of human resource management. The strategy consists of clearly defined objectives, identification of programmes to meet them, and the specific action plans for the various steps, costs, impact, and control of these programmes. The climate should then be surveyed on a regular basis in order to monitor progress against the plan and to assess the effectiveness of the chosen alternative. As suggested by Becker (1975), climate surveys resulted due to need for a systematic method of collecting information on human motivation as this is essential for effective management. Scores in particular facets of the survey can be used in formulating a strategy for improving OC.


Aspects of an organisation that stimulate behaviour are received and interpreted by the individual; hence, the individual's perceptions of what is "out there" acts as a moderating or intervening variable between organisational stimuli and resultant behaviour. Thus, knowledge of perceptions of members of an organisation leads to a greater understanding of their behaviour. A review of researches by Woodman and King (1978) reveals that many researchers (certainly not all) consider that OC is an indirect determinant of behaviour in an interactive sense. Other researchers appear to be uncomfortable with any suggestion of causality, although they might consider OC as a predictor in the correlational sense.

PARALLEL CONCEPTS

The term OC is of relatively recent origin. However the phenomena covered by this term have been a subject of study by many writers who have dealt with the concept of work motivation. Take, for example, the scientific management approach to work motivation propounded by Taylor (1911). According to this approach, humans can be motivated

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for peak performance through material rewards and economic inducements. Taylor applied this philosophy to the world of work by advocating piece-rate system of payment wherein rewards are closely linked with output to ensure maximum output from employees. This classical motivation theory of Taylor was supplemented by Adam Smith's classical organisation theory, which emphasized the division of a particular job into simple units or operations. Such fragmentation of jobs into smaller components required, as a consequence, centralised authority to coordinate and control the activities of various task performers.¹

Mayo (1933) emphasized the impact of "informal" groups on organisational objectives.² He proposed that, instead of ignoring the natural instinct of people for forming groups, management should encourage it. In fact, he went so far as to say that management should develop such informal groups by showing an active, firsthand interest in each individual member and by giving the group a reasonable share of control over its own work. The importance of the group a reasonable share of control over its own work. The


importance of the group is also indicated in the more recent studies by the staff of the Tavistock Institute in United Kingdom. The studies by Trist et. al. (1963) of British collieries revealed that extreme division of labour, accompanied by a central coordinating authority, was not the most efficient form of organisation. The experiment by Rice (1958) in one of the large textile mills in Ahmedabad also supported the conclusions of the Tavistock studies as well as those of Mayo.¹

Maslow (1943) developed a theory of motivation based on five sets of human needs arranged in a particular order from the lower to the higher needs.² He worked out a scale of human motivation based on the premise that the next higher-order need appears as soon as the lower-order need is satisfied. According to Maslow, each need is related to the state of satisfaction or dissatisfaction of other needs. To satisfy the physiological needs of employees, management must pay adequate wages so that the employees, are able to provide for themselves (and their families) basic requirements of food, clothing and shelter. To satisfy


safety needs of employees, management must avoid arbitrary action, behaviour which arouses uncertainty with respect to continued employment or which reflects favouritism or discrimination. To satisfy social needs of employees, as already mentioned, management must create well-knit, cohesive work groups for achieving organisational goals instead of relying on separate individuals. To satisfy ego needs of employees, management must provide opportunities for independent work, achievement, recognition, control over the work environment, and so forth. To satisfy the self-actualisation need of employees, the management is asked to provide avenues for continued self-development, self-fulfilment, and being creative in the broadest sense of the term.

Herzberg et.al. (1959) have proposed the two-factor theory of work motivation. In this theory, features of the organisational environment have been divided into two broad groups. In one group called "motivators" are factors relating to the intrinsic aspects of the job. These include achievement, recognition, responsibility, advancement and


the job itself. In the other group called "hygiene" are factors that are external to the job. These include supervision, company policy, working conditions, interpersonal relations, salary, status, and job security. According to this theory, the hygiene factors when improved upon yield no improvement in motivation but merely serve to prevent losses of morale or efficiency. If neglected, the hygiene factors would cause motivation to deteriorate very rapidly. On the other hand, the motivators have an uplifting effect on job satisfaction, often resulting in an increase in output.

McGregor (1960) divided managers into two broad groups based on their style of leadership which, in turn, resulted from the assumptions they made about human nature and motivation. He called one group as Theory X leaders who believed that human beings are inherently lazy and dislike their work; hence, they must be coerced, controlled, and directed to work. Theory Y leaders, on the other hand, believe that most people naturally aspire for independent responsibility and are capable of self-direction and self-control. The philosophy of management underlying Theory X is authoritarian and punitive in nature. It is indeed possible that some authoritarian approaches and even a kick-in-the-back may get results. But, as McGregor argues, a participative and supportive approach characterised by Theory Y style
of leadership is likely to produce better results. There is no short-cut to the goal of creating a self-propelled and self-disciplining organisation that McGregor recommends. The evolution must start at the top and gradually reach down to the lowest level.

Argyris (1964) maintains that the restrictions imposed on individuals by organisations for the sake of order and efficiency seem to create resistances which eventually hamstring the organisation. He finds three main mechanisms through which the organisation frustrates the mature employees and encourages the immature to stay that way. These are: (1) the formal organisation structure in which power is typically concentrated in the hands of a few at the top; (2) directive leadership in which the superior makes all the decisions and the subordinates carry them out; and (3) managerial controls which consist of various restrictions on local initiative.¹ ²

Likert (1967) has conceptualised four different systems of management that are found in various


organisations. In System One, the management has no confidence and trust in the subordinates; hence, subordinates are not involved in any decision-making. In System Two, the management has some confidence and trust in the subordinates but still most of the decisions are made at the top and few by the subordinates. In System Three, the management has substantial but not total confidence and trust in the subordinates; hence, broad and general decisions are made at the top but specific decisions are allowed to be taken at the lower levels. In System Four, the management has complete confidence and trust in the subordinates; hence, decision-making is widely dispersed but well integrated, workers' participation in encouraged, and every one is engaged in efforts to achieve stated organisational goals. Likert tells us that if the organisation's management style approaches that of System Four, one can expect high productivity whereas the closer it is to System One, the more likelihood there is of a sustained record of low productivity.

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Neither any OD consultant nor any of the half a dozen motivation theorists referred to in the preceding pages has used the term OC in his conceptual framework. And yet everyone of them has prescribed certain "do's" and "do-not's" for managerial action to bring about improvements in employee motivation and behaviour. As we know, it is such actions of management that ultimately result in the creation of what is called organisational climate.¹ What, then, is the difference between climate research and studies of motivation? To the extent that (a) climate researchers try to relate OC to employee motivation and behaviour and (b) motivation researchers try to relate employee motivation and behaviour to organisational practices, there appears to be no difference at all between the two types of researchers. Seen in this light, it seems reasonable to conclude that the concept of OC does not break any new ground in studying organisational behaviour. This observation is meant to remove any area of mysticism that the reader might see around the catchy term organisational climate.²


DIMENSIONS OF OC

People in organisations encounter thousands of events, practices, and procedures and they perceive these events in related sets. Thus, as proposed by Schneider and Reichers (1983), work settings have numerous climates and these climates are for something. For example, a work setting may have a climate for service, a climate for safety or a climate for achievement. To speak of climate per se without attaching a referent is meaningless. As climate is a multi-dimensional construct, we should view OC not as "it," but a set of "its", each with a particular referent.¹

What are the dimensions of OC? It is indeed surprising that despite general agreement over the definition of the concept and two decades of considerable research effort there is as yet no agreement about a common set of dimensions of OC. As shown in the Appendix to this chapter, the diversity of dimensions is so great that it is impossible to consider any one set as typical. All that is possible is to categories them into three broad groups as follows:²


A. LEADERSHIP FUNCTION

Formal actions of the executives of a company that are intended to motivate employees, including formal systems of reward and punishment various employee benefit programmes, incentive pay plans, communication programmes, the quality of leadership offered by the top management and the resulting supervision exercised by the middle and lower levels of the managerial hierarchy, etc.¹

B. STRUCTURAL PROPERTIES

Characteristics of the total organisation or of the sub-organisational units in terms of size, span of management, degree of decentralisation, line-staff structure, number of levels in the organisational hierarchy, and shape of organisation structure, etc.²

C. EMPLOYEE SATISFACTION

Attitudes and feelings of employees about fellow workers, job experience and the organisation, etc.

The above categorisation is fairly exhaustive. Very few researchers have used all three categories in studying


² Timmappaya, A., et. al, Patient Satisfaction and World Social System. National Institute of Health Administration and Education (mimeographed), New Delhi, 1971, p.32.
OC. Among those who have done so, hardly anyone has studied each and every element included under the three heads. In practice, therefore, different writers have employed different combinations and permutations with the result that everyone has ended up studying OC somewhat differently from all others. In the absence of an agreed upon list of dimensions of OC, researchers in this field have acted in a pretty much adhoc manner. Perhaps this is also due to the absence of an agreed upon organisational theory that should tell us as to which dimensions of OC influence organisational behaviour.

SOME CONTROVERSIAL ISSUES

The concept of OC was originally developed in order to improve our understanding of individual attitudes and behaviour by operationalising E (environment) in Lewin's formula $B=f(P \times E)$. However, it quickly became a tool for understanding the organisation itself. As stern (1970) points out, it is more meaningful to analyse personality-press relationship across organisations than individuals.


But this has led to a good deal of controversy over whether climate is a property of the organisation or of the individuals on whose perceptions are based all measures of OC. As an outcome of this controversy, the term climate has come to be used with two different meanings.¹ When members of an organisation are asked to give their perceptions of OC, there are bound to be variations in their perceptions about the same reality. If such a study is confined to a single organisation and the climate scores are analysed using "individual" as the unit of analysis, it is called a study of the psychological climate. If, on the other hand, it is a multi organisational study and the climate scores from each organisation are summed, averaged and analysed using "organisation" as a unit of analysis it is called a study of organisational climate.² Although basic data are the same in the both cases, in one case the phenomenon is considered a property of the individual while in the other it is treated as a property of the organisation.³

¹ Vaid, K.n., The New Worker, Asia Publishing House, Bombay, 1968, p.49.


Woodman and King (1978) are of the view that phenomenologically OC is external to the individual, yet cognitively it is internal to the extent that it is affected by individual perception. Being reality-based, OC is capable of being shared in the sense that observers or participants may agree in their perceptions of OC, although this consensus may be constrained by individual differences in perceptions. To the extent that respondents agree in their perceptions, the climate construct is considered different from job satisfaction. Long ago, Tagiuri (1968) highlighted the need to resolve the following problems in the area of climate research:1

a. need to distinguish between the objective and subjective environment;

b. need to distinguish between the person and the situation;

c. need to determine as to which aspects of the environment should be specified; and

d. need to identify the structures and dynamics of the environment.

A little later, Johannesson (1971) equated perceived OC with job satisfaction. He maintained that researchers using perceptual measures of OC seemed destined

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to replicate the satisfaction literature and that such measures were likely to produce little more than an "alternate form" measurement of job satisfaction. Perhaps the most devastating criticism of research efforts in this area is made by Guion (1973). He considered perceived OC as an attribute of the individual and not that of the organisation. In this sense, Guion saw OC as no different from a construct like job satisfaction or a more general term job attitudes. Studying the relationship between perceived OC and job satisfaction is, therefore, tautological as it is like studying the relationship between one measure of job satisfaction and another.

The criticism regarding possible overlap and redundancy between job satisfaction and OC is attributed to factors such as: (a) researchers culling climate items from satisfaction scales; (b) identical or similar methods of measurement; and (c) the influence of affective predispositions on perceptual climate measures, which are supposed to elicit descriptive responses. However, as Hellriegel and

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Slocum (1974) point out, the intent of OC scales is to clearly evoke perceptual rather than attitudinal or other types of responses; that is, they stimulate, or intend to stimulate, the subject to orient himself with specific facts and to express his opinion as to how he perceives those facts, not whether he likes them or not. Thus, climate instruments are meant to describe work environments whereas satisfaction instruments serve to evaluate them.1

The need to distinguish subjective data from objective reality of the organisation has been emphasized rather forcefully by Starbuck (1976). He recommends that the formulators of a concept like climate should adhere to the principle that measures based solely on subjective data provide information about the subject not about his environment. Starbuck illustrates this point by an interesting example:

If one were presented with a study of Harry Brown's relation to his "environment" in which the only data about Harry's environment were Harry's self-reports, one would expect to find concepts like cognitive balance (or

congruence or consonance) appearing prominently in the analysis, and one would not, in the absence of corroborating evidence, accept Harry's description of his environment as being objectively realistic. Even if Harry were multiplied into all the inhabitants of a town, one would expect the analyst to make statements of the form "The inhabitants of Brownville perceive their environment as offering equal opportunity to all," rather than "The Brownville environment offers equal opportunity to all."

On the basis of an extensive review of literature, Payne and Pugh (1976) conclude that OC can, and has been, studied through both objective and subjective measures. Objective measurement of an organisation implies a direct assessment of organisational properties without any conceptual transformations. Here, a member is only an informant about, say, an organisation chart or performance records. Subjective measurement, on the other hand, implies an indirect assessment of organisational properties by instruments which measure group perceptions. Here, a member responds to instruments with statements such as:

a. The jobs in this organisation are clearly defined and logically structured.

b. The employees here are constantly being checked for rule violation.
According to Hellriegel and Slocum (1974), while objective measures of OC have the obvious virtues of accuracy and reliability, they have the following limitations:

a. the objective properties on an organisation are often too many and too specific to be readily interpretable;
b. studies that examine in isolation specific properties of an organisation leave unanswered the question of how these properties are related to one another and to organisational functioning; and
c. objective properties are assumed to indirectly affect organisational participants as the behaviour of an individual is influenced by his perception of organisational reality.

For example, job satisfaction often varies according to the subject's perception of OC and the latter is also related to certain aspects of behaviour such as interpersonal relations, group cohesiveness, task involvement, and the like.\(^1\) Although a significant relationship has also been found between job performance and

\(^1\) Kakkar, S.B., Correlates of Bureaucratic Orientation \textit{Indian Journal of Psychology,} Vol.47, No.2, 1972, pp.47-54.
OC, this relationship is not as easily understood, or as persuasive, as the relationship between job satisfaction and OC. Therefore, if a climate researcher has a strong interest in understanding or predicting human behaviour within organisations, it is probably desirable to employ perceptual measures (Hellriegel and Slocum, 1974).

Individuals differ from one another in terms of their cognitive construction competencies, encoding abilities, self-regulatory systems, beliefs, needs, values, and self-concepts. Because of these differences, as argued by James et al. (1978) and James and Sells (1981), individuals are predisposed to differ in what they perceive as ambiguous, challenging, fair, friendly, supportive, and so forth. Perceptions of climate associated with the same or similar environment are, therefore, likely to differ for different types of individuals. Because of this tendency, aggregation of climate scores of a cross-sectional sample is likely to mask important variation. Hence, it is advisable to aggregate climate scores only when the sample


belongs to more or less the same organisational level or is otherwise homogeneous. According to Roberts, Hulin and Rousseau (1978), a composition theory relating psychological climate scores to OC scores can be established if the perceptions of psychological climate are shared among the individuals whose scores are to be aggregated.

Many reviews of climate research have appeared in recent years. One of the recommendations of these reviews is that perceptual agreement should precede aggregation of climate scores. James (1982) feels that a criterion for an acceptable level of perceptual agreement—that is, a level that justifies aggregation of individual responses—has so far remained obscure. Guion (1973) has recommended that if OC must be studied through perceptions of people instead of through direct observation of organisational characteristics the following procedure be followed:

All members of a given organisational unit may be given a set of statements, each relating to an organisational attribute, and asked to report whether the same were

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"true" or "not true", thereby determining the frequency of endorsement. The items to be treated genuinely descriptive of organisational characteristics are those in which the frequency of endorsement is not significantly different from 100 per cent.

While Guion (1973) has recommended that inter-rater agreement indices should not depart significantly from 1.00, Roberts et al. (1978) have recommended that within-organisation variance in climate perceptions should be small in relation to between-organisation variance.¹ Between the two, the criterion proposed by Guion is clearly more stringent as it implies that in each of the organisation to be studied the variance on the climate variable should not depart significantly from zero. James (1982) is of the view that the criterion proposed by Roberts et al. (1978) too is insufficient for justifying aggregation of climate scores as the use of this criterion will result in an underestimate of inter-rater reliability (agreement) under the following conditions:

a. when mean climate scores do not vary meaningfully among environments; and

b. when individuals within environments tend to agree.

As an alternative to the above two criteria, James (1982) has suggested another criterion for inter-rater reliability and aggregation of climate scores over individuals. In this method, inter-rater reliability is defined as the degree to which raters agree with respect to their rating (perceptions) of a particular target (e.g. the organisation) on a particular rating (climate) scale. A within-group design is used because it is desired to have an estimate of inter-rater reliability separately for each group that is not a function of between-group variation. According to James, such an estimate of inter-rater agreement will not be affected by lack of variation in group means.¹

Critics of perceptual measures of OC, however, are not quite satisfied with any of these procedures. According to them, although accuracy of perceptions would imply consensus, the obverse is not necessarily true since individuals may share inaccurate perceptions of the situation (James and Jones, 1974). Hence, demonstration of consensus of perception, in the eyes of these critics, should not negate a concern for accuracy since objective measures of organisational attributes are needed to

determine the accuracy of perception. This is indeed an extreme position and does not characterize the views of those who are engaged in climate research. Most of the latter argue that even if organisational properties are measured in some objective fashion, the realism of environmental perceptions is irrelevant as organisation members tend to adapt their organisations to the environments which they believe exist, regardless of whether their perceptions would be objectively confirmed or not. Thus, the usefulness of subjective perceptions is not mentioned.

In recent years, increasing attention has been focused upon employee behaviour as a function of the simultaneous variation of both personal and organisational factors. Neither individual factors nor situational factors will separately account for a substantial proportion of the variance of criteria such as performance or satisfaction. Thus, to formulate generalisations about organisational

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behaviour, it is necessary to focus on the multiple inter-
actions of individual and situational determinants of
behaviour (Sells, 1963). Gavin (1975) examined personal and
organisational correlates of climate perceptions to
determine the interaction of the two in influencing OC.\textsuperscript{1,2}
The results indicate that climate perceptions are influenced
equally by personal and organisational factors.

Based on their study, Sutton and Rousseau (1979)
suggest individual perceptions of job characteristics as an
"intervening" variable in the relation between situational
characteristics and individual responses.\textsuperscript{3} People in work
settings form perceptions of OC because apprehending order
in the world is a basic human need. As stated by Forehand
and Gilmer (1964), variables like structure, goals,
supervisory practices, etc. interact with personality to
produce perceptions and it is through these perceptions that
we can understand the relationship between causal and end-
result variables.

\textsuperscript{1} Sells, S., An Interactionist Looks at the Environment

\textsuperscript{2} Gavin, James, F., Organisational Climate as a
Function of Personal and Organisational Variables, \textit{Journal of

\textsuperscript{3} Sutton, R.I., & Rousseau, D.M., Structure Technology
and Dependence on a Parent organisation: Organisational and
Environmental Correlates of Individual Responses, \textit{Journal of
Applied Psychology}, Vol.64, No.6, 1979, pp.675-687.
The difference between the subjective and objective measures of OC is brought out by Guion (1973) by an analogy from the physical climate. The wind-chill factor is logically related to the human experience of being cold. The actual perception of being cold is something different from the wind-chill factor. One is an attribute of the person, the other the attribute of the environment. The two differ, but are related to some degree. In this connection, Johannessen (1973) asks a pertinent question:¹ If feelings heavily influence description of perceptions, or perceptions themselves, how can derivates of them be called satisfaction dimensions at one point in time and climate dimensions at another? The advocates of perceptual measures of OC maintain that the climate instruments describe work environment whereas satisfaction instruments evaluate it. However, the critics counter this argument by saying that description of one's environment is directly affected by satisfaction with that environment.²


In an attempt to answer the critics, Campbell et al. (1970) postulated that different levels of situational and individual variations operated at different levels of explanation. This notion was based on Indik's linkage model which states that the linkage between an objective, independent organisational variable (size) and a dependent variable (participation) is mediated by two sets of processes, namely the organisational processes related to size (amount of communication, task specialization) and the psychological processes of the members (felt attractions, satisfaction with performance). Seen in this light, OC is viewed as a situationally determined psychological process in which OC variables are considered to be either causative or moderator factors for performance and attitudes.\(^1, 2, 3\)

In a more recent article, Schneider and Reichers (1983) have indicated some methodological progress that has been achieved. Researchers now have the ability to

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differentiate climate from attitudinal variables such as job satisfaction, etc. When climate perceptions are considered both evaluative and descriptive in nature, then climate and job satisfaction both fall in the category of attitude research. On the other hand, when climate is conceptualized descriptively, then climate and job satisfaction are divergent concepts. When respondents are specifically instructed to separate their descriptions of work environment from their evaluations of that environment, results indicate that they are able to do so.¹

The Climate of an organisation, when measured through perceptions of its members, is considered by some as an attribute of the individual and not that of the organisation. Moreover, if such data are analysed using individual as the unit of analysis, it is better to call it a study of Psychological Climate (PC). On the other hand, if there is adequate inter-rater agreement in perceptions of climate, scores of individuals from the same organisation can be summed up and averaged. When such aggregated data are analysed using organisation as the unit of analysis, it can be called a study of Organisational Climate (OC). In the

later case, we are justified in considering OC a property of the organisation. As an attribute of the organisation, mean climate scores enable us to assess the status of various systems and procedures followed by an organisation. Such assessment is a must if an organisation desires to improve its climate and effectiveness.\(^1\)

OC is a multi-faceted phenomenon. While everyone seems to accept this fact, there is as yet no consensus over a set of dimensions that could be considered the common denominator in studies of OC.\(^2\) It appears that there is plenty of ad hocism in the choice of dimensions of OC, which seriously limits the usefulness of an otherwise useful concept. Surprisingly, earlier reviews of literature on OC have failed to sufficiently highlight this lapse on the part of the climate researchers. Meanwhile, in the absence of common dimensions, it is impossible to meaningfully compare the findings of various studies on the subject. Subsumed under the head OC are various practices, procedures and leadership styles followed by an organisation in dealing

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with its members. These practices and styles have attracted and continue to attract the attention of many students of organisational behaviour. Only some of them have used the label OC in studying these variables, while others have preferred the more specific terms such as "participative leadership" "safety", "welfare", and so on. Seen in this light, the term OC does not represent a conceptual innovation. In fact, it may not be incorrect to say that it is the same old wine in a new bottle! Rather than diminishing its importance, the said conclusion enables us to view OC as part of a much larger body of knowledge to which social scientists from a variety of disciplines have contributed.

As in other fields of knowledge the critics of OC have probably done greater service to the concept than have its proponents. Thanks to their criticism, there is now greater clarity over what the concept means and what it does.

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not. Also, certain amount of methodological rigour in the measurement of OC has been accomplished mainly as a consequence of the criticism of earlier methods and measures. This trend augurs well for the future studies of organisational climate. In the past, students of OC have tended to view it either as a half-empty or a half-full cup. Because of such postures, research scholars in this field seem to have shown only half-hearted enthusiasm which might explain relatively slow progress in this field even though the concept has been in vogue for at least two decades.¹

This research work was undertaken with a view to study the Organisational Climate in Dheeran Chinnamalai Transport Corporation, Tiruchirapalli, Tamilnadu. The main objectives of this study are as follows:
1. To analyse the new Economic Policies and their impact on Industrial Relations Climate.
2. To trace the history of Dheeran Chinnamalai Transport Corporation in Tiruchirapalli, Tamilnadu.
3. To study the organisational climate dimensions in Dheeran Chinnamalai Transport Corporation, Tiruchirapalli, Tamilnadu.
4. To investigate Dheeran Chinnamalai Transport Corporation Human Resource attitudes towards organisational climate.

5. To identify the factors constituting the organisational climate in Dheeran Chinnamalai Transport Corporation.
6. To know the existing working conditions and welfare facilities in Dheeran Chinnamalai Transport Corporation.
7. To find out Dheeran Chinnamalai Transport Corporation Labour Union's goal and achievements.
8. To analyse the problems of Industrial Relations in context of new economic compulsations, strategic environment.
9. To make suitable suggestions on the basis of the findings of the study.

The significance of the present study consists in subjecting Industrial climate in Dheeran Chinnamalai Transport Corporation in a systematic way, to acute academic analysis, so as to draw therefrom inferential framework for further development of this significant Transport Corporation Industrial Relations.

As a matter of fact, for the preparation of this thesis, the research scholar relied more on primary data than on secondary data. However, to clarify certain points and to know the general details relating to organisational climate, Labour welfare officials, the District Statistical Officials, were consulted and some data of General nature were collected from them.
The following strategies were adopted to generate data for this thesis;

Interview technique was adopted for collecting data from Dheeran Chinnamalai Transport Corporation Managers and Labourers. The Dheeran Chinnamalai Transport Corporation Human Resources were primary unit of the study.

The study was undertaken covering 250 juniors and middle level executives and 125 Human resources in Dheeran Chinnamalai Transport Corporation, Tiruchirapalli, Tamilnadu. Besides, this Dheeran Chinnamalai Transport Corporation Human resources, Government Officials, District Statistical Officials and Regional Transport Authorities were contacted to collect information regarding the organisational climate, economic conditions of workers and labour unions activities.

A 20 per cent sample of Dheeran Chinnamalai Transport Corporation Human Resources was taken after stratifying them into four categories. The Human Resources were selected on the basis of the random sampling technique. To collect the required information regarding the organisational climate, organisational climate dimensions two types of questionnaires were prepared. The questionnaires were backed by oral interview and informal chat with the persons in Dheeran Chinnamalai Transport Corporation unit. This was done after establishing rapport with the Managers and the Human Resources in the unit.
in each branch by listening patiently to their problems and ventilations of pent-up emotions. In addition a few trade union leaders, management representatives and workers of Dheeran Chinnamalai Transport Corporation unit were also interviewed.

The field work for the collection of data was undertaken in the month of October to December 1993. Dheeran Chinnamalai Transport Corporation officials and the District Statistical Officers were contacted and with their help a list of Human Resources was prepared with the help of the data that were available with the District Statistical Office, Tiruchirapalli. A list of Human Resources in each branch was prepared. From the Dheeran Chinnamalai Transport Corporation Central Office information on total employment, total number of buses and number of human resources in the official unit was collected. Interviews were then carried on in conversational manner. Mostly respondents were contacted during their convenient time. Many times the respondents were not readily available and therefore repeatedly visits were made to contact them for the study. Help was sought from the Labour Unions, Local Leaders, Managers, Supervisors and administrative sectional officers to contact and get information from the respondents.

The collected data were scrutinised, edited and tabulated. Mostly two way cross tables were constructed for
presenting the data in an orderly manner. Statistical method of analysis like percentage, ratio analysis, 'T' test, Chi-Square Test, Correlative analysis were used to analyse the data in an effective manner.

The study is co-ordinated in Eight Chapters.

CHAPTER I

This introductory chapter is intended to provide a brief idea of the subject-matter of the thesis, nature of the topic and the objectives of the study. The method used for the collection of information and data, Statistical tools used and Chapter Classification have also been detailed in this chapter.

CHAPTER II

In the Second Chapter "New Economic Policies and their impact on Industrial Relations Climate", the economic measures adopted by the Government under the new Economic Policies have far reaching implication for, among others, the industrial relations are projected in this chapter. This study is expected to provide a detailed background against which the thesis is projected.

CHAPTER III

This chapter, Dheeran Chinnamalai Transport Corporation - An Overview, a Profile of Dheeran Chinnamalai Transport Corporation with special reference to the Management Structure of the Corporation which is more
important to the area under study is presented. This study is expected to provide a background against which the thesis is projected.

CHAPTER IV

This chapter Organisational Climate Dimensions is devoted to a detailed diagnosis of the dimensions of Organisational Climate were studied in this thesis. An attempt has been made to make the chapter authentic by proper collection of data and information from the Dheeran Chinnamalai Transport Corporation Human Resources themselves.

CHAPTER V

This chapter Dheeran Chinnamalai Transport Corporation Human Resources attitudes towards Organisational Climate deals with the organisational aspects of Dheeran Chinnamalai Transport Corporation area under study. In addition to the Dheeran Chinnamalai Transport Corporation Human Resources, a number of Statistical records were consulted to collect sufficient data to formulate this chapter. The analysis of the organisational aspects of the Dheeran Chinnamalai Transport Corporation has brought for some interesting observation and they are discussed in this chapter.

CHAPTER VI

Having discussed in the previous chapters, the organisational climate dimensions and Dheeran Chinnamalai Transport Corporation Human Resources attitudes towards
organisational climate, a discussion on the Labour Union's goal and achievements is presented in this chapter. This chapter results from a detailed analysis of the data collected both from the management and the Dheeran Chinnanalai Transport Corporation Human Resources. This study has brought forth many problems faced by Dheeran Chinnanalai Transport Corporation Human Resources. An immediate and proper solution is essential to these problems, so that, the Dheeran Chinnanalai Transport Corporation would continue in this service work.

CHAPTER VII

This chapter approaches the problems of Industrial Relations in Strategic Environment. The core chapter entitled Industrial Relations in Strategic Environment analysing the Industrial Relations climate, it is concluded that work stoppages and the average duration have been increasing the economic impact of which have been significant. The reformation of the Industrial Relations climate to cope with the emerging strategic Environment requires efforts from all the three parties to the system. Government may have debate and resolve to what extend it can curtail the labour freedom to ensure overall economic justice while the judiciary may undergo a shift in its much criticised approach.
CHAPTER VIII

The last chapter Resume consolidates all the observations made in the previous chapters. This is intended to make the whole thesis a comprehensive one with a beginning, middle and a proper end.