CHAPTER- I

INTRODUCTION

Introduction

People began forming groups to accomplish their aims which they could not achieve as individuals, and thus managing has been essential to ensure the co-ordination of individual efforts. As society has come to rely increasingly on group effort, and as many organized groups have become large, the task of managers has been rising in importance. Managers are charged with the responsibility of taking actions that will make it possible for the individuals to make their best contributions to achieve the objectives of the groups in the profit and non-profit enterprises to manufacturing as well as service industries.

Services are activities or benefits that one party can offer to another that essentially assume an important role in the Indian economy. The role of agriculture has been reducing in the economy of industrial societies, that of the service sector has been increasing at fast pace. As economies shift from the developing to the developed stage they will show more and more shift towards services. Ever since this trend was set in the nineties, services have gained dominance. The competition in service organizations is becoming intense and severe. As a result, these organizations have to have a more professional approach to manage their business.

Enterprise objectives may differ somewhat in various organizations; the individual involved also has needs and objectives that are especially important to them. Manager helps people to satisfy their own needs and to utilize their potential and at the same time contribute to the aims of enterprises. Thus, managers require an understanding of the role assumed by the people, the individuality of people and the personalities of people. Management requires the creation and the maintenance of an environment in which individuals work together in groups towards the accomplishment of common objectives.
Members of the organizations work within that internal environment and are continuously influenced by it. The environment has long been recognized as a potent source of influence of human behaviour. This internal environment is, described as organizational climate. In organizational psychology, the psychological climate is usually used to refer to work environment perceptions. Products of aggregates of psychological climate are typically referred to as organizational climate.

Climate is a broader term designed to include the relatively constant variables in a work environment that are considered important to the efficient use of human resources. The type of supervision, the nature and direction of communication flow, perceived reward-punishment structure, and so forth are variables that are measurable and are manipulated at least to some extent and considered the defining characteristics that distinguish one organization’s working environment from another.

Litwin and Stringer describe the organizational climate as a set or cluster of expectancies and incentives that represent a property of environment that is perceived directly or indirectly by the individuals in the environment. It is a molar construct which (i) permits analysis of the determinants of motivated behaviours in actual, complex social situation, (ii) simplifies the problems of measurement of situational determinants by allowing the individuals in the situation to think in terms of bigger, more integrated chunks of their experience, and (iii) makes possible the characterization of the total situational influence of various environment so that they may be mapped and categorized, and so that cross-environmental comparison can be made.

In other words organizational climate can be thought of in one sense as the personality of the organization. Moreover, climate is believed by many to serve as a basis for individuals to interpret situation, to act as a source pressure.

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1 G.H. Litwin & R.A Stringer, Jr., Motivation and organizational Climate, Boston, Hardward University, Gruate school of Business Administration, Division of Research, 1968,p.28-30
and/or constraint for directing individual activity, and to determine in a large measure the reward-punishment system within the organization (Forehand & Gilmer, 1964, Pritchard & Karasick, 1973)².

Whereas Forehands and Gilmer noted, “organizational climate is a set of characteristics that describe an organization and (a) distinguish one organization from another (b) are relatively enduring over a period of time and (c) influence the behavior of people in the organization”³.

“Organizational climate (sometimes known as corporate climate) is the process of quantifying the “culture” of an organization; it precedes the notion of organization culture. It is a set of properties of the work environment perceived directly or indirectly by the employees, which is assumed to be a major force in influencing employee behavior”.⁴

Climatic factors affect behavior not by themselves but to a certain extent that they interact with other individual or personal factors. The importance of this interrelationship was first discussed by Lewin. He proposed a model of human behaviour, which took into account both individual or personal differences (P) and the climate or environment surrounding the individual (E). In brief, Lewin posited that human behavior (B) was the function of the interaction of both P and E

\[ B = f (P, E) \]⁵

Variables which affect the organizational climate are organization structure, technology, management policies and external environment which in turn influence the outcomes namely job satisfaction and job performance.

² Ibid.p.28
⁴ “Organization Behaviour & Management, 8th ed., IvNCEVICH, Konopaske and Matteson,
Knowing about the specific organizational climate and the way in which people’s individual personalities, value systems, needs and motives respond to different climate could be a help to understand and explain behaviour in organizations\textsuperscript{6}. Climate itself does not cause any effect, but it strengthens or lessens the outcome of the ongoing variables. The interaction between individual and groups occur in a climate created by the structural functional environment of an organization. The behaviour pattern can be predicted and controlled by efficiently managing this organizational climate\textsuperscript{7}.

Climate refers to the general attitude of the members of the groups to life and work in that group. Climate is dynamic and affected by everything that occurs within the organization. Organization is faced with demand change, mainly stemming from competition, changing economy and the progressive internationalization of business transaction. It is essential to foster a climate to improve the health and effectiveness of the organization and to enhance its strength so as to cope up with changing environment. The climate of an organization encourages some behaviour more than others. To nurture the growth and development of individuals and to ensure job satisfaction, a conducive climate is essential.

Organizational climate refers to the quality of the working environment. If people feel that they are valued and respected within the organization, they are more likely to contribute positively to the achievement of business outcomes. Therefore, organizational climate is a mechanism for developing organizational improvement initiatives. Employees’ satisfactions are influenced by the overall atmosphere that employees perceive.

If organization is a tree, network is the branch that could mirror the hierarchy of the organization with people becoming its leaves. Roots of the tree represent the culture of the organization. They go deep. They hold everything

\textsuperscript{7} Management and labour studies, vol.17, April 1992.
in place. The values, believes and corporate assumptions are roots, without these the organization has no foundations and will become unstable.

The second factor that affects the life of organizational tree is climate. Water in the form of rain and light from the sun sustains the tree. The climate obliviously thrives. If we reduce the light or water, it begins to shrive. Climate represents the behaviour, attitudes and feelings of the organization which in turn affect its operational process in terms of communication, problem solving, and decision making. Not all trees are the same. Each has a different root system and each reacts to local climate in different ways.

Only engaged employees (satisfied employees) satisfy the customer better. At the heart of the organization, the success depends on the climate to a great extent. The performance climate is the biggest single factor influencing organizational effectiveness. Organizational climate influences the motivation and behaviour of the members of the organization.\(^8\)

Climate and behaviour are inseparable and also in one way the relationship between behaviour and climate is reciprocal in nature. Individuals behave supportively if they experience a supportive climate in which relationships are interpreted as helpful and co-operative, reciprocally, co-operative behaviour also leads to perception of supportive climate.\(^9\)

Organization must create and maintain a climate for service for the employees to deliver the service effectively. Customer satisfaction is a keen component of a successful and prosperous organization.

As organizational climate it conditions the characteristics of the organization, it facilitates or constrains an organization’s relationship with its human resources. As such, the organizational climate plays a major role in

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\(^8\) The Journal of management Research – Organizational climate as a Dependent Variable, Avinash kumar Srivastav Associate Deen Research ICFAL.

influencing the attitude and behaviour of the employees which in turn will affect organizational performance which can be known quantitatively from profit and qualitatively from customer satisfaction.

Traditionally, organizations have measured their performance almost completely on the basis of financial indicators such as profit, sales, and return on investment. The short term approach leads to emphasize financials to the exclusion of other performance indicators. Corporate strategists recognize the limitations of evaluating corporate performance on financials alone, contending that these income-based financial figures measured previous days’ decisions rather than indicate future performance. This realization came when many companies’ strong financial position deteriorated because of unnoticed declines in operational processes, quality or customer satisfaction.

Services are actions or performances done for and with customers. They typically involve a sequence of steps, actions and activities. Customer interaction with their providers may be carried out by the customers themselves or may involve third parties. The combination of these steps and many others along the way constitute a process, a service experience that is evaluated by the consumer. It is the combination of steps, the flow of activities, or the experience that is evaluated by the customer that will likely influence consumers’ overall impression of their experience. Whether or not the provider acknowledges it or seeks to control this experience in a particular way, it is inevitable that the customer will have an experience- good, bad, or indifferent.

The skill of the service providers in performing their routines, the way they appear and their commitment are essential to service delivery. Although service providers are present in most service performances, their importance increases in three conditions. First, service providers are critical when the degree of direct personal contact is high. The second condition in which service providers skills are critical is when the services involve repeated contact. The third condition in which the service providers are critical is when the customers
have discretion to determine the nature of the service to be obtained. To create
the right impression, three characteristics are necessary: loyalty, discipline, and
circumspection.

The success of any service performance depends in part on how well the
role is performed by the service provider and how well the team – service
employees and customers – is formed. Hence, Service employees are required
to perform their role according to the expectations of the customer, if they do
not, and the customer may be frustrated and disappointed. The factor that
influences the effectiveness of the role performance is the logical sequence of
events expected by the customer. The service conforms the customer’s
feelings, confirmed expectations and then leads to satisfaction. Deviation from
it leads to confusion and dissatisfaction.

The way other customers behave with the services also exerts a major
influence on a customer’s experience. The presence, the behaviour and the
similarity of other customers receiving services have a strong impact on the
satisfaction and dissatisfaction of any given customer. Customers can be
incompatible for many reasons – differences in beliefs, values and experiences,
ability to, appearance, age, and health. The service marketer must anticipate,
acknowledge, and deal with heterogeneous consumers who have the potential
to be incompatible. Customer compatibility is a factor that influences
customer satisfaction.

The Problem Focus:

As specialized hospitals are growing in number, each is trying to create
a distinct positioning for it. Each one is trying to create a unique identity and
wants to cater to specific segment of the market. Because customer satisfaction
and customers focus are so critical, any institution interested in delivering
quality service must begin with a clear understanding of its customers. This
understanding is relatively easy for small organization but very difficult for
large organizations where managers are not in direct contact with customers.
In order to satisfy the customers, to achieve this objective, service providers need to understand how consumers choose, experience and evaluate their services. If customer is the king then the second most important person in this kingdom must be the one who has a direct interaction on a daily basis with the one who is the king. In order to do so, the firms must also create the environment that supports the customers’ contact with the employees. It is the employees of the organization who is most responsible for ensuring that the customer’s experience.

Benjamin Schneider and David Bower have shown that both a climate for service and a climate for employee’s well beings are highly correlated with overall customer perception of service quality. Employees, who feel they are treated fairly by their organization, will treat the customer better, resulting in greater customer satisfaction.

Organizational climate is the summary perception which members have about the structural characteristics that influence decision making by the organization and therefore, it is a major determinant of the employer and employee relationship. The psychological climate and the behaviour of employees in the work place cause strain to the patients. A change in the organization climate has to be attempted by the organization to remove such behaviour. To have such changes, the necessary requirement is to understand the existing organizational climate, with a view to identifying the factors which affect the behaviour of employees which in turn affects the patients. If organizational climate factors which affect the behaviour of the employees are located, it may be possible for the management to create and develop such environment which will enhance the customer’s (Patients) satisfaction.

Objectives:

The main objective of the study is to inquire into the relationship between organizational climate of the hospitals and satisfaction of patients by
identifying the significant organizational climate variable that affects the customer’s satisfaction.

The specific objectives are

- to inquire into significant variable that define the organizational climate of the selected Units
- to identify the variables that affect the customers (Patients) in the selected hospitals in Kanyakumari district
- To measure the importance of interpersonal relationship among the employees and the satisfaction of the selected units.
- To assess the relationship between supportive environment and satisfaction of patient in selected units
- To assess the relationship between readiness of the doctors to attend the patient and satisfaction of patients

Hypotheses:
The following hypotheses have been set up to keep the analysis intact and give a proper direction for the study:

1. There is no association between Interpersonal relationship among the doctors and nurses and organizational climate
2. There is no relationship between Supportive environment and satisfaction of patients
3. There is no relationship between readiness of the doctors and nurses to attend the patients and satisfaction of patients.

Scope of the Study:
Studies on organizational climate in hospitals are rare in India. Many studies on patient satisfaction have been carried on technically with regard to particular illness, for example, patients’ satisfaction with regard to diabetic patients, mentally distorted patients or caesarian patients. But hospital wise customer satisfaction studies are very few. These reasons prompted the researcher to undertake a study of different hospital in Kaniyakumari district to
find out the significant factors that determine the organizational climate. The result of the study may provide an assessment of the dimensions of organizational climate that influence patient satisfaction from the patient points of view. This may also be useful to the management to gain an insight into the real requirements of patients. This study also intends to bring out a few guidelines that help the employers to enhance the patient satisfaction which in turn would increase the financial performance of the organization.

**Limitations of the Study:**

This study is restricted to the institutions having less than 100 beds located in Kanniyakumari District alone. The emphasis in this study is to identify the significant organizational climate factors that is closely related to patients satisfaction and to find out the ways and means of improving them. However, the results are indicative, not generalized because of the small size of the sample covered.

**Organization of the Thesis:**

The thesis consists of five chapters. The Research problem, scope and objectives of the study, hypotheses, area of the study, methodology, statistical tools used and limitations of the study are traced in the first chapter.

The second chapter highlights the conceptual framework of the study which includes theoretical approach, review of literature and concepts of organizational climate and satisfaction of patients.

Profile of the health care industry, profile of the sample units,, the details of questionnaire, methods of data collection and the tools applied for analyzing the data are discussed in the third chapter.

The fourth chapter analyses the collected responses from the doctors, nurses and patients of sample units and tested the hypotheses.
The summary of the findings and suggestions based on the findings to improve the satisfaction of patients and to enhance the organizational climate and conclusion are discussed in the fifth chapter.