CHAPTER II
ORGANIZATIONAL CLIMATE - AN OVERALL THEORITICAL VIEW

2.1 INTRODUCTION

The term "Organization" is a word that can be used in a number of ways. We can speak of organization as the activity that is an important function of management. In the words of Mooney and Reiley Organization is the form of every human association for the attainment of a common purpose. In other words organization is simply people working together for a common goal.

All organizational theoreticians and researchers unanimously agree that a sound climate is extremely important for the ultimate achievement of organizational goals. Organizational Climate though abstract in concept is normally associated with job performance and job satisfaction and morale of the employees. Climate is a commonly experienced phenomenon and often referred to by many expressions as atmosphere, surrounding milieu, environment and culture etc. Every organization has its own traditions, methods of action,

culture, which in their totality comprise its climate for people. Organizational Climate is a very important factor to be considered in studying and analysing organizations because it has a profound influence on the outlook, well being and attitudes of organizational members and thus on their total performance. Organizational Climate provides a useful platform for understanding characteristics of organizations as stability, creativity and innovation, communication and effectiveness etc. .

2.2 WHAT IS ORGANIZATIONAL CLIMATE?

Although intangible organizational climate is a real phenomenon while a precise definition of climate may be lacking. This does not preclude its existence. In the literature of organizational behaviour several different definitions have been advanced and almost all have a greater degree of commonality.

In the view of Keith Davis, Organizational Climate is the human environment within which an organization's employees do their work. It may refer to the environment.

2. Ibid., p.488.
within a department a major company unit such as a branch plant or an entire organization.³ Pritchard and Karasick (1973) define organizational climate as a relatively enduring quality of the internal environment of an organization distinguishing it from other organizations which (a) results from the behaviour and policies of the top management, (b) is perceived by the members (c) serves as a basis for interpreting the situation, and (d) acts as a source of pressure for directing activity.

Organizational Climate is the summary perception which people have about an organization. It is, thus a global expression of what the organization is. This is the observation of Benjamin Schneider and Rover. A snyder.⁴

Organizational Climate is thus, the manifestation of the attitudes of organizational members toward the organization itself. An organization tends to attract and keep people who fit its climate, so that its patterns are perpetuated

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at least to some extent. Organizational Climate can be seen as the perceived properties or characteristics found in the work environment that results largely from action taken consciously or unconsciously by an organization and that presumably affects subsequent behaviour.

2.3 ORGANIZATIONAL CLIMATE AND PSYCHOLOGICAL CLIMATE

Though Organizational Climate and psychological climate are usually interchangeable, there is a distinction between psychological climate and organizational climate. If a study is confined to a single organization and the climate scores are analysed using the individual as the unit of analysis, it is called as study of psychological climate. If on the other hand, it is a multi organization study and the climate scores from each organization are totalled, averaged and analysed using the 'Organization' as the unit of analysis, it is called as study of Organizational Climate.

2.4 SIGNIFICANCE OF ORGANIZATIONAL CLIMATE

The available literature shows that climate is important to the well being of an organization in many ways.
The concept of climate provides a framework for conceptualising motivations at a collective, rather than just the individual level, typical of motivational models in psychology (Schneider, 1981)\(^5\). The contextual features of an organization representative of processes such as technology, structure and management policies are presumed to affect perceptions of climate. Organizational Climate helps to maximise the value position as revealed in the concern for higher operational efficiency, profitability short term and long term gains to the organization and so on.

2.5 IMPACT OF ORGANIZATIONAL CLIMATE

Organizational Climate has a major influence on human performance through its impact on individual motivation and job satisfaction. It does this by creating certain kinds of expectancies about the consequences that will follow from different actions. Individuals in the organization have certain expectations and fulfilment of these expectations depends upon their perception as how the Organizational Climate suits the satisfaction of their needs. Thus Organizational

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Climate provides a type of work environment in which individual feels satisfied or dissatisfied. Since satisfaction of individual goes a long way in determining his efficiency, Organizational Climate can be said to be directly related with his performance in the organization.

There are four mechanisms by which Organizational Climate affects performance, satisfaction and attitudes of people in the organization. First, organizational variables can operate as constraint system in both a positive and negative sense by providing knowledge of what kinds of behaviour are rewarded, punished or ignored. The organization can influence behaviour by attaching different rewards and punishment to varying behaviours. Second, organizational variables may affect behaviour through evaluation of the self and others, and such evaluation will, in turn, influence behaviour. There are both physiological and psychological variables associated with this evaluation process. Third, organizational factors work as stimuli. As stimuli they influence an individual's arousal level, which is a motivational variable directing behaviour. These level of arousal will directly affect the level of activation and hence performance. Fourth, Organizational variables influence the individual to form a perception
of the organization. This perception then influences behaviour. Thus, Organizational Climate influences the way an individual in the organization behaves. This climate consists of total organizational factors, including its authority pattern, leadership pattern, and communication pattern, three aspects discussed earlier as a means of influencing behaviour.6

2.6 ORGANIZATIONAL CLIMATE AND JOB SATISFACTION

Job satisfaction is an integral component of Organizational Climate and an important element in management employee relationship. Job satisfaction is a positive emotional state that occurs when a person's job seems to fulfil important job values. Provided these values are compatible with one's needs. Job satisfaction in simple words is an individual's emotional relation to the job itself. It is a person's attitude towards the job. People spend a sizable amount of their time in work environment. From any minimally humanitarian point of view, they expect that portion of their lives to be more or less pleasant agreeable, satisfying and

fulfilling. Job satisfaction has been the centre of concentration for researchers over three decades. The reasons for such concentration are many fold job satisfaction has some relation with mental health of the people; job satisfaction has some degree of positive correlation with physical health of individuals. It spreads good will about the organization and it reduces absentism and increases turnover.

2.7 ORGANIZATIONAL CLIMATE AND MORALE

Morale is the vital ingredient of organizational success for it reflects the attitudes and sentiments the individual or group has toward the organizational objectives. These feelings and sentiments largely affect the productivity and satisfaction of individuals. When people are enthusiastic in their work environment we generally label them to be having "high morale". Dale S. Beach observed that Morale is the total satisfaction a person derives from his job, his work group his boss, his organization and his environment. Morale is frequently referred to as being satisfaction and happiness of people. Morale is involved in everything that makes job satisfying.

High Morale is the hallmark of sound behavioural climate in the organization. Low morale results in inefficiency, waste and industrial indiscipline. The factors affecting morale of employees in a work organization can be external factors like personality of the employee, psychological make up, level of intelligence, physical health, family background, relations with social groups and friends, and internal factors like organizational goals, organizational structure, nature of work, working conditions, Management philosophies, compensation and groups. So, Morale is the another name for Organizational Climate. 8

2.8 FACTORS IN ORGANIZATIONAL CLIMATE

From the available literature, researchers on Organizational Climate have used data relating to individual perception of organizational properties in identifying Organizational Climate with great amount of diversity. The results of various researchers and results of these studies show that it is very difficult to generalise the basic contents of Organizational Climate based on these studies. Some broad generalizations can be drawn and it can be concluded that the following factors are some what common to the findings of most studies.

2.8.1 Organizational Context

Management philosophy is the foremost influential factor that affects the climate. If an organization wedded to such a policy effectively utilizes its resources both human as well as non human. Then it can be concluded that the climate is good. The man power philosophy is generally expressed by rules, regulations and policies etc. The point here is that the reactions of the employees and the degrees to which they welcome and accept the managerial philosophy is crucial to the development of sound and favourable organizational Climate. The climate is said to be highly favourable when the existing management techniques are such that employees goals are perfectly matched to the ideals of organization.

2.8.2 Organizational Structure

Structure of the organization represents another variable that affects climate. It needs no reiteration that structure is a framework that establishes formal relationships and delineate authority and functional responsibility. A management that has a strong belief in participative decision-making will promote decentralization. In a sharp contrast, if the management feels the necessity
of maintaining greater degree of consistency in operations regarding decision-making, it will be wedded to centralized structure. Thus structure also affects the climate of organizations.

2.8.3 Process

In every organization certain processes are vital so that it runs. Communication, decision-making, motivation and leadership are some of the very important processes through which the management carries out its objectives. In all these processes, the relationship between superior and sub-ordinate is visible and therefore the supervisor cannot afford to ignore this visible interface. For instance, if we consider leader-follower relationship in leadership process, it is leader's choice whether to allow subordinates in decision-making give assignments, do performance appraisal etc. A leader has to be aware of the possible influence of his action on climate when deciding about the most appropriate supervisory technique for a given situation. It should be noted that failure to give consideration to the effect on climate would be monumental error that could be reflected adversely on the performance of employees. Further more, when a leader mismatches his style to the situation it
might about any hope of attaining organizational objectives.

2.8.4 Physical Environment

The external conditions of environment, the size and location of the building in which an employee works, the size of the city, weather or the place all affect the organizational climate. An employee performing his job in a relatively clean, quiet and safe environment will undoubtedly have a favourable perception of the Organizational Climate.

2.8.5 System Values and Norms

The formal value system is communicated to employees through rules regulations and policies. Although in every organization informal organization also exists; the value system of informal organization is difficult to ascertain. But from the point of view of Organizational Climate, both formal and informal groups are very powerful in exerting influence on climate. For instance, the organization that treats employees with respect to understanding will have certainly a different climate than the one which is very cold and impersonal.
2.9 ORGANIZATIONAL CLIMATE AND EMPLOYEE PERFORMANCE

Employee performance refers to an act of fulfilment of the requirements of a given job i.e., the manner in which an employee carries out his job, his efficiency at work, or accomplishment and discharge of duty. Since climate is also generally regarded as existing at the individual or group level (as opposed to an organization-wide level), outcome measures must also be considered at the individual or group level. Where climate is conducive to the needs of individuals, we would expect a high level of goal-oriented behavior. Conversely, where the emerging climate is in opposition to personal goals, needs, and motives, we can expect both performance and satisfaction to be low. Relationship between Organizational Climate and employee performance has been examined by many researchers. Various research studies confirm the positive relationship between organizational Climate and employee performance. Pritchard and Karasick (1973) have observed that Organizational Climate is fairly strongly related to subunit performance and job satisfaction.

2.10 CONCLUSION

Organizational Climate is a relatively enduring quality of the internal environment of an organization as
perceived and experienced by members which can be described in terms of specific dimensions or characteristics and which influences the patterns of behaviour and work performance of others.

Job satisfaction and morale of the employees and workers have close relationship with Organizational Climate. Without having conducive climate to work it will result in poor growth, poor sales, lock out and strikes. Factors influencing Organizational Climate, different dimensions of Organizational Climate have been studied in this chapter.