CHAPTER 3

CONCEPTUAL FRAMEWORK OF THE STUDY

3.1 CONCEPTUAL MODEL - INSTITUTIONAL CLIMATE ASSESSMENT MODEL (ICAM)

The researcher had conceived a model as given in figure 3.1. The conceptual model hypothesizes the relationship between Institutional Climate variables and HR Factors as well as the effect of moderating variables like age, gender, place, etc., on Institutional Climate and HR Factors. The researcher has modified the Organizational Assessment Questionnaire - Conceptual structure of Robert Stringer (2002) to suit the Indian culture to measure the Institutional Climate and tried to bring out the relationship between Institutional Climate variables factors and HR Factors and also found how these two factors were affected by demographic variables.

![Institutional Climate Assessment Model (ICAM)](source: Developed by the Research Scholar)

**Figure 3.1 Institutional Climate Assessment Model (ICAM)**
3.2 ORGANIZATIONAL CLIMATE

Organizational climate is that the way people feel about where they work has a powerful impact on how they work and how hard they work. Climate determines the performance of an organization. In other words organizational climate arouses motivation and motivation determines performance.

Organizational climate is a relatively enduring quality of the internal environment of an organization that (a) is experienced by its members, (b) influences their behavior, and (c) can be described in terms of the values of a particular set of characteristics (or attributes) of the organization.

Organizational climate is a concept describing the subjective nature or quality of the organizational environment. Its properties can be perceived or experienced by members of the organization and reported by them in an appropriate questionnaire.

Organizational climate is the collection and pattern of the environmental determinants of aroused motivation.

Organizational climate can be described and measured indirectly through the perceptions of the members of the organization.

3.2.1 Origins of Organizational Climate

First study of psychological climate was done by Kurt Lewin in the 1930s. In 1939 Lewin et al. coined the word ‘Social Climate’ in their study of aggressive behavior of juvenile males. The term organizational climate fully emerged in the 1960s. In 1968 Renato Tagiuri points out in his essay “The concept of organizational climate” that organizational climate is the way an
individual carries out a given task depends upon what kind of person he is, on the one hand, and the setting in which he acts, on the other”. Later, the idea of climate was investigated and made clearer by Litwin & Stringer (1968) and Stringer (2002),

3.2.2 Climate Dimensions

Structure: reflects employees’ sense of being well organized and of having a clear definition of their roles and responsibilities. Structure is high when people feel that everyone’s job is well defined. It is low when they are confused about who does what tasks and who has decision making authority even in high-tech industries in which temporary or horizontal organizational arrangements pre-dominate, a sense of appropriate structure has a large impact on people’s aroused motivation and performance.

1. Standards: measure the feeling of pressure to improve performance and the degree of pride employees have in doing a good job. High standards mean that people are always looking for ways to improve performance. Low standards reflect lower expectations for performance.

2. Responsibility: reflects employees’ feelings of “being their own boss” and having to double-check decisions with others. A sense of high responsibility signifies that employees feel encouraged to solve problems on their own. Low responsibility indicates that risk taking and testing of new approaches tend to be discouraged.

3. Recognition: indicates employees’ feelings of being rewarded for a job well done. This is a measure of the emphasis placed on reward versus criticism and punishment. High recognition climates are characterized by an appropriate balance of reward
and criticism. Low recognition means that good work is inconsistently rewarded.

4. Support: reflects the feeling of trust and mutual support that prevails within a work group. Support is high when employees feel that they are part of a well-functioning team and when they sense that they can get help (especially from the boss) if they need it. When support is low, employees feel isolated and alone. This dimension of climate has become increasingly important for today’s e-business models in which resources are severely constrained and a premium is placed on teamwork.

5. Commitment: reflects employees’ sense of pride in belonging to the organization and their degree of commitment to the organization’s goals. Strong feelings of commitment are associated with high levels of personal loyalty. Lower levels of commitment mean that employees feel apathetic toward the organization and its goals.

3.2.3 Determinants of Organizational Climate

1. Structure - feelings about constraints and freedom to act and the degree of formality or informality in the working atmosphere.

2. Responsibility - the feeling of being trusted to carry out important work.

3. Risk - the sense of riskiness and challenge in the job and in the organization; the relative emphasis on taking calculated risks or playing it safe.

4. Warmth - the existence of friendly and informal social groups.
5. Support - the perceived helpfulness of managers and co-workers; the emphasis (or lack of emphasis) on mutual support.

6. Standards - the perceived importance of implicit and explicit goals and performance standards; the emphasis on doing a good job; the challenge represented in personal and team goals.

7. Conflict - the feeling that managers and other workers want to hear different opinions; the emphasis on getting problems out into the open rather than smoothing them over or ignoring them.

8. Identity - the feeling that you belong to a company; that you are a valuable member of a working team.

9. Autonomy - the perception of self-determination with respect to work procedures, goals and priorities.

10. Cohesion - the perception of togetherness or sharing within the organization setting, including the willingness of members to provide material risk.

11. Trust - the perception of freedom to communicate openly with members at higher organizational levels about sensitive or personal issues, with the expectation that the integrity of such communications will not be violated.

12. Resource - the perception of time demands with respect to task competition and performance standards.

13. Support - the perception of the degree to which superiors tolerate members' behaviour, including willingness to let members learn from their mistakes without fear of reprisal.
14. Recognition – the perception that member contributions to the organization are acknowledged.

15. Fairness - the perception that organizational policies are non-arbitrary or capricious.

16. Innovation - the perception that change and creativity are encouraged, including risk-taking into new areas where the member has little or no prior experience.

### 3.3 HR FACTORS

#### 3.3.1 Job Satisfaction

Job satisfaction is defined as the employees’ content towards his or her job and it also describes that whether or not the employee like the job and its contents like nature of job etc.

Factors Influencing Job Satisfaction

1. Working Environment: Most of the employees spend so much of time in their work environment it’s the responsibility of the companies to provide better working environment like providing spacious work areas, adequate lighting and providing productivity tool like upgraded information technology will help to improve productivity and employee job satisfaction.

2. Career development: Employees are expecting a path available in the companies to move up in their career ladder to receive more responsibility along with higher compensation will increase the employee’s satisfaction towards their job.
3. Workload and Stress: Heavy workload and impossible deadlines that will create conflict between employees and supervisors this will cause a raise of the employees stress level and will erode job satisfaction.

4. Relationship with Co-workers: Hostile work environment with rude or unpleasant coworkers will reduce the level of job satisfaction. The managers and employees should give great attention to maintain good relationship with both their superiors and co-workers.

5. Recognition and Rewards: The company must have a effective mechanism to evaluate employees’ performance and provide better and fair salary increase, the company must provide equal opportunities for employees to earn incentives, bonuses, paid vocations and employees also expect recognition and praise from their superiors all this will bring excitement and higher job satisfaction among the employees and to improve a better working place.

3.3.2 Employee Commitment

Employee commitment is the employees’ psychological attachment and loyalty to an organization. There three types of employee commitment: Meyer & Allen (1991)

1. Affective commitment:

   It is a positive feeling of identification with, attachment to, and involvement expressed by the employee towards his or her organization.
2. Normative commitment:

It is a feeling of obligation to remain with organization resulting from values and beliefs expressed by the employee towards his or her organization.

3. Continuance commitment:

It is a result of the perceived cost associated with leaving the organization.

3.3.3 MOTIVATION

Is an employee’s intrinsic enthusiasm, level of energy, commitment and creativity that a company workers bring to their jobs and it creates a drive to accomplish activities related to work. Motivation is a factor or factors that cause an employee to pursue work tasks or goals and act in a way.

Two types of motivation:

1. Extrinsic Motivation: a kind of external factors causes an employee to act toward fulfillment of a work activities or a specified goal. The external factor normally used is punishment or reward, punishment motivates an employee to act not to get punishment in future on the other hand rewards motive an employee to act in order to receive the reward in future.

2. Intrinsic Motivation: This type of motivation is different from external motivation this motivation comes from within an employee. An employee is working better because of motivation from the work itself, because the employee finds
that the work is satisfying, fulfilling or enjoyable, intrinsic motivation if often more effective than extrinsic motivation.

### 3.3.4 Work Life Balance

Work life balance is one of the important concepts in human resource management; it described as it a proper way of prioritizing between Work (Career and Ambition) and Life or Life Style (Health, Pleasure, Leisure, Family and Spiritual Development/Meditation).

Six Components of Work Life Balance

1. Self Management: it means managing oneself by getting proper sleep, exercise, and nutrition, resource, time and life.

2. Time Management: it means better use of your time and resources, time management can be effective through an appropriate goals are defined, knowing what to do, when to do and how to do, to accomplish the desired goals.

3. Stress Management: The nature, societies become more complex over time, in the face of increasing complexity; stress is inevitable to all the people on earth. Most forms of multitasking ultimately increase our stress instead of focusing on one thing at a time.

4. Change Management: Change never change, it is constant, continually adopting new methods and re-adopting others is vital to a successful career and a happy personal life. Expect change and challenge in your working career and family life that’s make people keep going and achieving many goals in their journey of work and life.
5. Technology Management: Effective managing and using technology ensuring to balance to your work and life, make the technology serve you, rather than abuses you.

6. Leisure Management: it is one of the major supporting concept to work life balance, leisure management acknowledges the importance of rest and relaxation, it emphasize that “time off” it is more important for a human being.

3.3.5 Employee Engagement

David Macleod: “This is about how we create the conditions in which employees offer more of their capability and potential”.

Employee engagement is described as a kind of relationship between an organization and its employees. An engaged employee is enthusiastic, positive, committed and motivated to achieve organization’s goals and he takes a positive action to contribute the organization’s reputation and interests. Employee engagement is about trust, integrity, two way commitment and communication between an organization and employees.

Ten C’s of Employee Engagement

1. Connect: Organizations must show that their employees are valuable assets. The organization should take employee focused initiatives such as profit sharing, implementing work-life balance and maintaining a good relationship with employees.

2. Career: Organizations should provide challenging and meaningful job to their employees, every organization must have clear career development initiatives to improve their employee’s career.
3. Clarity: Every employee should be communicated about the company vision, mission and goals, so that employees have a clear understanding about their company and its operations, it motivates the employee to contribute organizational success.

4. Convey: Organizations must clarify their expectations about employees and provide feedback about their performance, it facilitate the goal achievement of the organization.

5. Congratulate: Each and every employee in the organization expect feedback about their performance, praise and recognition makes the employee to perform better.

6. Contribute: The employees want to know that their input matters and that they are contributing to the organization’s success in a meaningful way.

7. Control: Employees value control over their job progress and through that the managers create opportunities for their employees to exercise control.

8. Collaborate: The employees have to trust and cooperate when they work in teams, they must create environment that fosters trust and collaboration.

9. Credibility: Organizations should strive to maintain its reputation and demonstrate high ethical standards, this makes the employees feel proud to perform their jobs.

10. Confidence: Good leaders help create confidence in an organization by being exemplars of high ethical and performance standards.
3.3.6 Turnover Intention

Turnover intention is a measurement of whether an organization’s employees plan to leave their job or whether that organization plans to lay off employees from their job. Turnover intention can be either voluntary or involuntary. Employee turnover is an important issue for every organization, in order to calculate employee turnover, understanding employee turnover intentions is one of the important steps to study the employees intentions or their perceptions towards their organization and their job. Measuring employee turnover intention that will help the organization to determine the likelihood of employee leaving their organization, it will the organization to develop a suitable strategies to reduce their overall employee turnover in order to maintain their productivity levels, expenses and overall performance of the organization. Employee turnover could be voluntary or involuntary, that means an employee makes the decision to leave when the employee perceives another opportunity as better than his current position. This includes more pay, more recognition or a more convenient location or due to his health or family reasons, if an employee plans for voluntary retirement this also voluntary turnover intention. If it is involuntary turnover means the organization plans to reduce their employees due to poor performance of the employee, technological implementation and economic pressure or downturns in their business.

Organizations are taking several steps and designing lot of employee retention strategies to reduce turnover among employees, most of the organizations are offering strategic compensation packages based on performance and tenure, organizations’ creating a positive organizational climate that opens the door for the employees feel they are one among the values assets of the company and employees provided opportunities to participate in management activities that make the employees feel better and positive towards their organizations, these kind of strategies can reduce
turnover and improve employees’ contribution towards the success of every organization.

3.4 IMPACT OF ORGANIZATIONAL CLIMATE ON JOB SATISFACTION

A favorable organizational climate created by every organization will result in employee’s job satisfaction and it motivates their employees to perform effectively. Organizational climate playing a vital role in any organizations to improve employee commitment and it is one of the major factors in retaining intellectual assets of every organization (Jeevan Jyoti 2013). The impact of organizational climate on job satisfaction and commitment not only found in manufacturing sector but it also evidenced a considerable impact on educational sector too (Rizwan Qaiser Danish et al. 2015). The factors of organizational climate like human relations, open systems and rational goal have significant impact on job satisfaction and intention to leave, the internal process have a great impact on job satisfaction but it does not have impact on intention to leave (Mei Teh Goi 2014). It also found that a positive relationship found between organizational climate variables and job satisfaction variables (Shahbazi Shahram et al. 2013).

Organizational climate had significant effects on human resource management effectiveness such as turnover intention, job satisfaction, organization commitment, work efficacy and collective identity (Jianwei Zhang & Yuxin Liu 2010). Apart from job satisfaction organizational climate factors has a significant influence on employee motivation also, it was found that the organizational factors like reward satisfaction, role clearance and agreement are found effective in predicting employee motivation (Siroos Ghanbari & Asghar Eskandari). In order to create positive organizational climate and improve performance the organizational factors like clear structure, chain of command, coordination mechanism and communication systems are playing a significant role (Rashmi Rai 2014).