CHAPTER - II

2.1 INTRODUCTION

Organizational climate is one of the most important concepts to enter into the theory of organization in this century. Organisational climate is 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 value of a particular set of characteristics of the organisation\(^1\). For the individual members within the organisation, climate takes the form of a set of attitudes and expectancies which describe the organisation in terms of both\(^2\). In this chapter, an attempt has been made by the researcher to throw light on the various concepts and components of Organisational Climate.

2.2 ORGANISATIONAL CLIMATE - CONCEPTS

The concept has also proved useful in predicting and explaining a variety of job related behaviour, attitudes and performance as well as organizational performance on a number of dimensions. The concept of organisational climate was formally introduced by the Human Relationists in the late 1940’s. Now it has become a very useful metaphor for thinking about describing the social system\(^3\). Organisational climate is also referred to as the "Situational determinants" or "Environmental determinants".

Organizational climate is a (molar) concept and illustrates a common dilemma in the efforts to understand and describe human behavior in organizations. In any organization, people come from heterogeneous streams and make a separate culture. They have different personal tastes, traditions, thinking and methods of working. This assimilation of the things makes the climate of an organization. An organization’s climate is just like an asset, comprising of the attitudes of the people towards the organization as a whole\(^4\). The content of organizational climate has varied widely and they include almost all the important aspects of organizations such as structure,
community, leadership, conflict, reward system, inter-personal relationship, organizational effectiveness, responsibility and so forth.

2.3 DEFINITIONS OF ORGANIZATIONAL CLIMATE

Organizational climate refers to those external and internal environmental conditions in which an organization exists and grows, and in which people of the organization work towards the achievement of goals; a living organism, whether an industrial or commercial organization, requires a climate for its birth, survival as well as healthy growth\(^5\). The organization is looked on as a system with complex relationship among the human and physical resources, committed together to work in a network of systems. It is a sub-system of macro-level environmental system, and the organization itself is constantly under the influence of external and internal environmental factors which create a climate which can be described as good or bad. It is considered to be good when people develop positive feeling of unity, resulting in the achievement of their, as well as the organization’s goals\(^6\).

Various authors defined the concept of organisational climate in different ways. Some of the important definitions of the concept of organizational climate are presented in the following paragraphs:

“An organizational climate is the set of characteristics that describe an organization and that a) distinguishes one organization from other organizations; b) is relatively enduring over time and c) influences behavior of the people in the organization.”\(^7\)

- *Forehand and Glimer (1964)*

“An organizational climate is relatively enduring quality of the internal environment that is experienced by the members influence their behavior that can be described in terms of values of a particular set of characteristics of the organization.”\(^8\)

- *Renato Tagiuri (1968)*
Climate is the “perceived organizational properties intervening between organizational characteristics and behaviour”.

- **Friediander and Margulies (1969)**

“Climate is the Psychological process that mediates the relationship between the work environment (policies, practices, procedures) and work related attitudes and behavior. Climate is therefore a 'perceptual medium' and an individual level variable.”

- **Campell, Dunnette, Lawler and Weick(1970)**

"Molar concept reflecting the content and strength of the prevalent values, norms, attitudes, behavior and feeling of the members of the social system which can be operationally measured through the perception of system member of observational and other objective means".

- **Payne (1971)**

“Organizational climate is "a set of attributes which can be perceived about a particular organization and/or its subsystems, and that may be induced from the way that organization and/or its subsystems deal with their members and environment".

- **Hellriegel and Slocum (1974)**

"Climate consists of as a set of characteristics that describe an organisation, distinguish it from other organisations, are relatively enduring over time and influence the behaviour of people in it".

- **Forehand and Gilmer**

"Organisational climate can be defined as $k Hi$ of attributes specific to a particular organisation that may be induced from the way that organisation deals with its members and its environment. For the individual members within the organisation, climate takes the form of a set of attitudes and experiences which describe the organisation in terms of both static characteristics (such as degree of autonomy) and behaviour outcome and outcome-outcome contingencies.”

- **Campbell**
“An organizational climate is a set of attributes of a particular organization that are identifiable in the collective attitudes, perception, and expectations of its members. For instance, organizational climate is determined by how members perceive their organization's leadership, products, pay, employee benefits, discipline, policies and goals.”

- J. Clifton Williams

2.4 NATURE OF ORGANISATIONAL CLIMATE

The nature of organisational climate is presented in the following paragraphs:

a) General Perception

Organisational climate is a general expression of what the organisation is. It is the summary perception which people have about the organisation. It conveys the impressions people have of the organisational internal environment within which they work.

b) Abstract and Intangible Concept

Organisational climate is a qualitative concept. It is very difficult to explain the components of organisational climate in quantitative or measurable units.

c) Unique and Distinct Identity

Organisational climate gives a distinct identity to the organisation. It explains how one organisation is different from the other organisations.

d) Enduring Quality

Organisational climate builds up over a period of time. It represents a relatively enduring quality of the internal environment that is experienced by the organisational members.

e) Multi-dimensional Concept

Organisational climate is a multidimensional concept. The various dimensions of the organisational climate are: individual autonomy, authority structure, leadership style, pattern to communication, degree of conflicts and cooperation, etc.
2.5 CHARACTERISTIC FEATURES OF ORGANISATIONAL CLIMATE

Although similar types of organizations will share certain common features and norms, each organization will have its own, different and distinctive features. The normative climate of a particular organization reflects its history, its internal and external struggles, its work, physical layout, pattern of communication, types of people employed and the exercise of authority. Distinctive features of collective feeling and benefits will be passed on to the new group of members. A healthy organizational climate is expected to exhibit the following characteristic features:

a) Integration of organization and personal goals,

b) Flexible structure with a network of authority, control and communications with autonomy for individual members.

c) Style of leadership appropriate to the particular work organization situation.

d) Mutual trust, consideration and support among the different levels of the organization.

e) Recognition of individual differences and attributes and/or of people’s needs and expectation at work.

f) Attention to the job design and the quality of work life.

g) Challenging and responsible job with high performance standard.

h) Equitable system of rewards based on positive reinforcement.

i) Justice in treatment and policies for personal and industrial relation practices.

j) An open discussion on conflict with emphasis on the settlement of differences without delay or confrontation.

k) Democratic functioning of the organization with full opportunities for genuine consultation and participation.

l) A sense of identity and loyalty to the organization.

m) A sense of being needed as an important member of the organization.
2.6 ELEMENTS OF ORGANISATIONAL CLIMATE

The following are the major elements that constitute an organization climate:

a) The amount and quality of teamwork and co-operation.

b) The degree of commitment among members.

c) The extent to which planning and creativity are encouraged.

d) The way in which conflicts or differences are resolved.

e) The extent to which employees participate in design making and risk taking.

f) The extent to which the organization rise up on mutual confidence.

g) The trust between executives and subordinates.

h) The style of leadership followed in the organization.

i) The process of handling grievances.

j) The extent of delegation of authority.

k) The way in which people are rewarded.

l) The extent to which employees feel themselves loyal to the organization.

2.7 CATEGORIES OF ORGANISATIONAL CLIMATE

Richard M. Hodgetts has classified organizational climate into two major categories. He has given an analogy with an iceberg where there is a part of the iceberg that can be seen above the surface and another part that is under water and is not visible. The visible part that can be observed or measured include the structure of hierarchy, goals and objectives of the organization, performance standards and evaluations, technological state of the operations and so on. The factors in the visible part that can be observed and measured are called OVERT factors. The second category contains factors that are not visible and quantifiable and include such subjective areas as supportiveness, employees’ feelings and attitudes, values, morale, personal and social interaction with peers, subordinates and superiors, and a sense of satisfaction with the job. The factors that are not visible and quantifiable are called COVERT factors.
2.8 FACTORS INFLUENCING ORGANIZATIONAL CLIMATE

The factors influencing organizational climate could be external or internal. While an organization is influenced by these factors, the organization itself, in the process of interaction, influences the environmental factors. It can be observed that external or internal factors have more dominating and deeper influence, and the management of the organizations feel that it cannot do much to improve things so far as external factors are concerned. Nevertheless, the management must be aware of the external factors that influence the organization’s climate and the way to influence it. The most important external environmental factors are:

a). Cultural / Social Systems
b). Economic System
c). Political / Governmental and Administrative Systems and
d). Science and Technology System.

The most important factors that influence the internal climates of an organization are:

a). Managerial Policy and its Practice.
d). Relationship among Various Groups, Particularly Industrial Relations Climate.
e). Setting up of Performance Standards and Acceptance of their Standards, Work Culture and Work Ethics reflecting a sense of responsibility.
f). about the task assigned to the groups of individuals.
g). Physical facilities and resources of work, and
h). The Pattern of compensation, recognition and rewards.
2.9 DIMENSION OF ORGANISATIONAL CLIMATE

In the last two decades, extensive studies have been conducted which have helped us to identify some key factors of organizational climate. Different authors have proposed different dimensions of organizational climate. Some of these are mentioned below:

Liert (1967) : Leadership, motivation, communication, decisions, goals, and control.

Litwin & Stringer (1968) : Conformity, responsibility standards, rewards, organizational clarity, warmth and support, leadership.

Prakasam (1979) : Conformity, responsibility, sharing in decision making, supervision (task orientation, people orientation, bureaucratic orientation), reward (financial, non-financial), promotion, team spirit, standard.

Sharma (1988) : Supervisory-management relations, scope for advancement, grievance handling, monetary benefits, participative management, objectivity and rationality, recognition and appreciation, safety and security, training and education, welfare facilities.

A critical review of the literature on the organizational climate shows that the following twelve processes or dimensions should be used in studying organizational climate:

a) ORIENTATION

The dominant orientation of an organization is the main concern of its members, and this dimension is an important factor to determine the climate. If the dominant orientation or concern is to adhere to established rules, the climate will be characterized
by control; on the other hand, if the orientation is to excel, the climate will be characterized by achievement.

b) INTER-PERSONAL RELATIONSHIP

An organization's interpersonal-relationship is reflected in the way in which informal groups are formed and these processes affect the climate. For example, if groups are formed for the purpose of protecting their own interests, cliques may be developed and an unhealthy climate may result; similarly if people tend to develop informal relationship with their supervisor, a climate of dependency may result.

c) SUPERVISION

Supervisory practices contribute significantly to organisational climate. If supervisors focus on helping their subordinates to improve personal skills and changes of advancement, a climate characterized by the extension motive may result; if supervisors are more concerned with maintaining good relations with their subordinates, a climate characterized by the affiliation motive may result.

d) PROBLEM MANAGEMENT

Problems can be seen as challengers or as irritants. They can be solved by the supervisor or jointly by the supervisor and the subordinates concerned, or they can be referred to a higher official. These different perspectives and ways of handling problems contribute to the creation of an organization's climate.

e) MANAGEMENT BY MISTAKES

Supervisors' attitudes towards subordinates’ mistakes develop the organizational orientation, which is generally one of annoyance or concern or tolerance. An organization's approach to mistakes’ influences the climate.

f) CONFLICT MANAGEMENT

Conflicts may be seen as embarrassing annoyances to be covered up or as
problems to be solved. The process of dealing with conflicts has a significant effect on climate as that of handling problems or mistakes.

g) **COMMUNICATION**

Communication, another important determinant of climate, is concerned with the flow of information, its direction (top-down, bottom-up, horizontal), its dispersement (selectively or to every one concerned), its mode (formal or informal), and its type (instruction or feedback on the state of affairs).

h) **DECISION-MAKING**

An organization's approach to decision-making can be focused on maintaining good relations or on achieving results. In addition, the issue of who makes the decision is also important: people high in the hierarchy, experts, or those involved in the matter about which decision in to be made; it is relevant to the establishment of particular climate.

i) **TRUST**

The degree of trust or its absence among members and groups in the organization affects the climate. The issue of who is trusted by the management and to what degree is also relevant.

j) **MANAGEMENT OF REWARDS**

Rewards reinforce specific behaviors, thereby arousing and sustaining motives. Consequently, what is a reward in an organization influences the motivational climate.

k) **RISK TAKING**

How people respond to risks? and whose help is sought in situations involving risk? are important determinants of climate.

l) **INNOVATION AND CHANGE**

Who initiates the change, how change and innovations are perceived, and how change is implemented- are all critical in establishing climate.
2.10 DETERMINANTS OF ORGANIZATIONAL CLIMATE

Organizational climate refers to the internal environment of an organization; the nature of organizational climate is determined by a variety of internal and external factors. One of the basic premises of organizational behavior is that outside environment forces influence events within the organizations. Here, the determinants which influence the organizational climate are presented in the following paragraphs:

a) ECONOMIC CONDITIONS

Several dimensions of organizational climate are influenced by an organization's position on the economic cycle. The economic condition of any organization decides whether its budget should be 'tight' or 'loose'. In times of prosperity when budget is more loose than tight, the organization tends to be more adventuresome. On the other hand, tight budget would lead to an air of caution and conservatism within an organization. Only a few managers suggest new programmes when the order from above is to exercise tight control over expenses. So dimensions like “risk taking,” “control”, “progressiveness,” and “development” etc., are directly controlled by economic conditions.

b) LEADERSHIP STYLE

The leadership style prevailing in an organization has a profound influence on determining several dimensions of organizational climate. Organizations characterized by authoritarian style of leadership with high power motivation influences the dimensions of organizational climate like high position structure, low individual autonomy, low reward orientation, high control, low warmth and support. Also democratic style of leadership with affiliation motivation influences the dimensions like high reward orientation, high warmth and support, and low conflict.

c) ORGANIZATIONAL POLICIES

Specific organizational policies can influence a specific dimension of organization climate to a large extent. For example, if the company policy states that lay-
offs will be used only as a last resort to cope with business downturn, then it would, in
general, foster an internal environment that is supportive and humanistic.

d) MANAGERIAL VALUES

The values held by executives have a strong influence on organizational climate
because values lead to action and shape decision. Values add to perceptions of the
organization as impersonal, paternalistic, formal, informal, hostile or friendly.

e) ORGANIZATION STRUCTURE

The design or structure of an organization affects the perception of its
environment. Organization structure may be any one of the following:

a) Exploitative authoritative
b) Benevolent authoritative
c) Consultative
d) Participative

Organizational climate differs from one particular structure to another.

f) CHARACTERISTICS OF MEMBERS

Personal characteristics of the members of an organization also affect the climate
prevailing in it. For example, an organization with well educated. ambitious and younger
employees is likely to have a different organizational climate than an organization with
less educated, and less upwardly mobile, older employees. The former might inculcate an
environment of competitiveness, calculated risk-taking, frankness of opinions etc.

g) ORGANIZATIONAL SIZE

In a small sized organization it is much easier to foster a climate for creativity and
innovation or to establish a participative kind of management with greater stress on
horizontal distribution of responsibilities. On the other hand, in a large organization it is
easier to have a more authoritative kind of management with stress on vertical
distribution of responsibilities. This, in turn, leads to distinct environments with distinct
organizational climates.
h) **EXTERNAL FACTOR**

Organizational climate is not influenced by internal factors alone. Society forces help shape organizational climate as well. Changes like rise in the educational level of employees of all categories, societal values towards recreational and leisure activities are becoming stronger. The effect of the first change is in the expectations of the employees. People want more satisfying and fulfilling work, which should match their qualifications and abilities. The impact of second change is that the passion for non-work is increasing: people feel less passionate about job performance. So, while one change is pushing towards increased professionalism, the other change is pulling towards leisure-orientation. Against these backdrops of societal forces influencing the profiles of the employees, the content of the job and the organization process determine organizational climate.

i) **MANAGERIAL VALUES AND ETHOS**

Managerial values affect perceived characteristics of the internal environment of an organization. Ethos refers to habitual character and values of individuals, groups, races etc. Managerial ethos is concerned with the character and values of managers as a professional group. Contemporary managers hold some specific values, which affect work and some of these are: autonomy, equity, security and opportunity. These values serve as important dimensions of organizational climate.

j) **SOCIALIZATION PROCESS AND ITS IMPACT ON ORGANIZATIONAL CLIMATE.**

Socialization is the process of adaptation by which new members come to understand the basic values, norms and customs for becoming accepted members of an organization. Though the most intense period of socialization is at the fresher stage of entry into an organization, the process continues throughout one's entire career in the organization. This is done to ensure tradition and to maintain uniformity. The people who
do not learn to adjust to the culture of the organization become the targets of attack and are often rejected by the organization. Socialization process includes three stages:

i) PRE-ARRIVAL

This stage tries to ensure that prospective members arrive at an organization with a certain set of values, attitudes and expectations.

ii) ENCOUNTER

There is always a possibility of difference between members’ expectations of an organization and the organizational climate. If the expected image of an organizational climate matches then this stage passes off smoothly leading to confirmation of the image. If there is an imbalance between the two, then the person has two choices. One is to replace the previous expectation and get adjusted to the prevailing system. The Second is that he drops out due to disillusionment.

iii) METAMORPHOSIS

People who had discovered an anomaly between their expectation and organizational climate but decided not to drop out, enter this stage. They sort out their problems and go through changes in this stage.

2.11 MOTIVES RELEVANT TO ORGANISATIONAL CLIMATE

The following can be considered as the motives relevant to organizational climate:

(a). Achievement

This motive is characterised by a concern for excellence, competition against standards set by others or by oneself, the setting of challenging goals for oneself, an awareness of the obstacles that might be encountered in attempting to achieve these goals, and persistence in trying alternative paths to one's goals.
(b). Influence

This motive is characterised by a concern for making an impact on others, a desire to make people do what one thinks is right, and an urge to change situations and develop people.

(c). Control

This is characterised by a concern for orderliness, a desire to be and stay informed, an urge to monitor events and to take corrective action when needed, and a need to display personal power.

(d). Extension

This is characterised by a concern for others, an interest in subordinate goals, and an urge to be relevant and useful to large groups, including society as a whole.

(e). Dependency

This motive is characterised by a desire for the assistance of others in developing oneself, a need to check with others more significant (those who are more knowledgeable or have higher status, experts, close associates, and so on), a tendency to submit ideas or proposals for approval, and an urge to maintain a relationship based on the other person's approval.

(f). Affiliation

This is characterised by a concern for establishing and maintaining close personal relationships, an emphasis on friendship, and a tendency to express one's emotions.

Combinations of the six motives as dominant and secondary climates give 30 profiles. By and large, dominant climates characterised by achievement, expert power, and extension are conducive to the achievement of results and those characterised by control, dependency, and affiliation retard achievement of results.
(i). Achievement-expert power

People are involved in challenging tasks and are highly stimulated by challenges and specialists dominate in determining action. The organization rewards specialisation.

(ii). Achievement-control

Most people are involved in challenging tasks, but they face a lot of constraints because of rigid procedures and inflexible hierarchy.

(iii). Achievement-dependency

In spite of the emphasis on high achievement shared by most people, there is a tendency to postpone critical decisions pending approval from a higher authority. The organization discourages decision making without approval from the higher level, resulting in a sense of frustration.

(iv.) Achievement—extension

People work on challenging tasks with equal attention to the social relevance of such tasks. The organization has a high sense of social responsibility and also pays attention to employee needs.

(v). Achievement-affiliation

While people work on challenging goals, they form strong groups based on specialty, department, language, region, etc. The organization, with so many in-groups or cliques, must pay a lot of attention to maintaining good relations among the groups.

(vi). Expert power-achievement

The organization attaches high value to specialization, and specialists influence most decisions. At the same time, there is emphasis on high quality of work and unique contributions.

(vii). Expert power-control

The organization is controlled by experts, with cumbersome procedures resulting in lack of job satisfaction, and relatively low output.
(viii). **Expert power-dependency**

The organization is dominated by experts, with a rigid hierarchy. Decisions are taken up by the hierarchical line. Bright employees may remain highly dissatisfied.

(ix). **Expert power-extension**

Specialists play a major role in organizational matters, working in a planned way on socially relevant issues. The organization pays attention to the employees' needs and welfare.

(x). **Expert power-affiliation**

This results in an expert-dominated organization, with in-groups based on specialities, languages, religions, etc. The organization's attention is more on maintaining a friendly climate and results often suffer.

(xi). **Control-achievement**

The organization is bureaucratic, laying down detailed procedures, with a rigid hierarchy. The organization emphasises quality of work but most employees with achievement orientation get frustrated due to the higher emphasis on control. Some public sector organizations have this kind of climate.

(xii). **Control-expert power**

This implies a bureaucratic organization in which specialists' opinions are valued but with rules being treated as more important.

(xiii). **Control-dependency**

Here we have a bureaucratic organization with rigid hierarchy, where all actions are deferred to higher levels for approval, and decisions get delayed. Following rules and ensuring proper protocol and adherence to regulations are more important than achieving results. Senior staff protect subordinates who do not make procedural mistakes. Most government offices function in this way.
(xiv). Control-extension

This creates a hierarchical organization with social concern, paying attention to the needs and welfare of the employees.

(xv). Control-affiliation

The climate is that of a hierarchical organization with low concern for results and greater emphasis on good relations. However, informal groups based on relationship have an important place here. Some voluntary organizations are of this type.

(xvi). Dependency-achievement

The organization emphasises respect for people in power and all major decisions are referred to them. However, achievement of results is rewarded and enough freedom is given, with key decisions being controlled by a few who have the last word on all matters. Many family-owned organizations have such a climate.

(xvii). Dependency-expert power

The organization has a rigid hierarchy, decisions being referred to higher levels for approval. Experts play an important role in the various aspects of the working of the organization.

(xviii). Dependency-control

This is an organization controlled by a few individuals, who have clear-cut channels of communication and are referred to for final approval of all decisions.

(xix). Dependency-extension

A traditional organization working in socially relevant areas, this is dominated and controlled by a few individuals demanding all respect from other members and taking care of the members' needs in return.

(xx). Dependency-affiliation

This makes for a traditional organization with the top management controlling all matters using their own in-group members who have high loyalty to their leaders.
(xxi). Extension-achievement

The organization aims to be relevant to society, with emphasis on achieving results. Employees are selected for their competence and are given freedom to work.

(xxii). Extension-expert power

This organization has social awareness, with experts influencing all the major decisions.

(xxiii). Extension-control

An organization with the goal of serving a larger cause, this has a bureaucratic structure, with rules and regulations to be followed strictly.

(xxiv). Extension-dependency

An organization in the area of community service (such as education, health, or development), it emphasises conformity to policies laid down by the top management who require all matters to be referred to them for the final decision.

(xxv). Extension-affiliation

An organization in the area of community service, members with a similar background (in terms of caste, ideology, specialisation, region, language, kinship, etc.) work with strong linkages with one another.

(xxvi). Affiliation-achievement

The organization accords high importance to relationships and draws people with similar backgrounds (in terms of language, caste, region, etc.). The organization also values achievement of results and excellence of performance.

(xxvii). Affiliation-power

The organization, mainly consisting of experts, emphasises good relations, and either consists of persons of the same background or has in-groups (cliques) based on some common links.
(xxviii) **Affiliation-control**

This organization is involved in maintaining good relations, but has a bureaucratic form. A club with strict rules and procedures would be in this category.

(xxix). **Affiliation-dependency**

The organization puts a high value on friendly relations among the members. One or two people make most of the decisions. People are rewarded on the basis of their closeness to the person(s) at the top.

(xxx). **Affiliation-extension**

The main goal at this organization working on socially relevant issues is a good relationship between its members. The Lions Club and similar organizations would be in this category.

2.12 **REQUISITES FOR A SOUND ORGANISATIONAL CLIMATE**

To develop a sound organisational climate is a long term proposition. Organisational climate depends upon the organisational behaviour system. The organisational climate should represent the goals and philosophies of those who join together to create the organisation. The type of climate that an organisation seeks is contingent upon the type of people it has, the type of technology, level of education and expectations of people in it. The following are the requisites for a sound organizational climate:

a) Absence of political maneuvering for organisational positions and other personal gains;

b) Linking rewards with performance rather than linking with other considerations such as blood relationship, friendship, and social background;

c) High standards of excellence in every area of operation and evaluation;

d) Encouragement for participation and group decision and its implementation;

e) Encouragement for innovation and freedom to act upon ideas;
f) High value assigned to interpersonal amity and tolerance of individual differences;

g) High standards of moral integrity in dealing with both internal and external matters.

2.13 IMPACT OF ORGANISATIONAL CLIMATE\textsuperscript{22}

Organisational climate serves as the guidelines for dealing with people, and has a major influence on motivation and productivity of individuals as well as total work group. Organisational 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 what consequences will follow from different actions. Individuals in the organisation have certain expectations and fulfilment of these expectations depends upon their perception as to how the organisational climate suits the satisfaction of their needs. Thus, organisational climate provides a type of work environment in which the individual feels satisfied or dissatisfied. Since the satisfaction of individual goes a long way in determining his efficiency, organisational climate can be said to be directly related to his performance in the organisation. There are four mechanisms by which organisational climate affects performance, satisfaction, and attitudes of people in the organisation.

a). Organisational variables can operate as constraint systems in both a positive and negative sense by providing knowledge of what kinds of behaviour are rewarded, punished or ignored. The organisation can influence behaviour by attaching different rewards and punishments to varying behaviours. This assignment of different values to behavioural outcomes would then influence the behaviour of those people most interested in those specific values.
b). Organisational 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.

c). Organisational factors work as stimuli. As stimuli, they influence an individual's arousal level, which is a motivational variable directing behaviour. The level of arousal will directly affect the level of activation and hence performance.

d). Organisational variables influence behaviour in that they influence the individual to form a perception of the organisation. This perception then influences behaviour.

Organizational climate is the perceived aspects of an organization's internal environment, but within the same organization there may be very different organizational climate. This might be because people with different length of experience or at different levels of organization' hierarchy, may perceive internal environment of an organization differently. Personal Characteristics such as to perceive the various aspects of the internal working environment of the organization.

Organizational climate has a major influence on human performance, its impact on individual motivation and job satisfaction. It does create certain kinds of expectancies about what consequence will follow from different actions. Individuals in the organization have certain expectations and fulfillment. These expectations depend upon their perception as to how the organizational climate suits to the satisfaction in their needs. Thus organizational climate provides a type of work environment in which individuals feel satisfied or dissatisfied, since satisfaction is directly related with his performance in the organization.

2.14 DEVELOPING A SOUND ORGANISATIONAL CLIMATE

A sound organisational climate is a long-term proposition. The climate of each organisation is set through an organisational behaviour system. However, what should be
an organisational behaviour model for a given organisation, is not a universal phenomenon. Organisation behaviour philosophy derives from both fact and value of premises. Fact premises represent how human beings behave, while value premises represent the view of the desirability of certain goals. Thus, organisational climate should represent the philosophy and goals of those who join together to create the organisation. Thus, organisational climate exists in a contingency relationship with the organisation, meaning that the type of climate that an organisation seeks is contingent upon the type of people it has, the type of technology, level of education and expectations of the people in it.

The organisational climate is contingent on the assumptions of the nature of people in general. In dealing with people, the total man concept should be taken which is essentially a combination of three different concepts about the nature of human beings economic, social and self-fulfilling. Such a classification is different from an earlier classification of man in the context of decision-making process. The basis of classification of man into three categories derives from the fact that each class of men has different set of thinking, motivation, and hence, requires different organizational climates. The economic man is basically motivated by money and long-range economic security, and hence, the reliance on economic factors to attract, keep, and motivate them. For social man, positive social relations and interactions are a must; within his work environment, man seeks an affinity with fellow employees. The creation of a climate where happy family atmosphere prevails is appropriate for him. The self-fulfilling man seeks achievement, accomplishment, and meaning in what he does. The organisational climate with premium on certain degree of freedom is appropriate for him. Thus, each type of man requires a particular climate. In order to build up a sound organisational
climate, managers must understand their people in the organisation. The importance must be given to what motivates job performance in general and building an overall climate conducive to motivation, a keen insight into the individual in particular, and tailoring a personal approach to leadership and job design to which the man will respond with commitment. The individual differences suggest that there cannot be any all-purpose organisational climate.

2.15 TECHNIQUES THAT ARE GENERALLY HELPFUL IN IMPROVING THE CLIMATE OF THE ORGANISATION

The following can be considered as the effective techniques that are very helpful in improving the climate of the organisation:

a) **Effective Communication System**

There should be a two way communication in the organisation so that the employees know what is going on and react to it. The manager can modify his decision on the basis of feedback received.

b) **Concern For People**

The management should be interested in the human resource development. It should work for the welfare of employees and the improvement in their working conditions. For developing a sound organisational climate, the management should show concern for the people.

c) **Participative Decision Making**

The management should involve the employees in the decision making process, particularly those decisions which are related to goal setting and affect them. Participative decision making will make the employees committed to the organisation and more co-operative also.
d) Change in Policies, Procedures and Rules

The organisational climate can also be changed by making changes in the policies, procedures and rules. It is a time consuming process but the changes will also be long lasting if the workers see the changes in policies, procedures and rules as favourable to them.

e) Technological Changes

Generally, the workers and employees resist any innovative changes. But where technological changes improve the working conditions of the employees, the change will be easily accepted. Better climate will be there if the management adopts innovative changes in consultation with the employees.

But all the above factors are contingent upon the assumptions of the nature of people in general. For example, the ECONOMIC MAN is basically motivated by money and economic security, and hence, economic factors may be used to attract and motivate him. For a SOCIAL MAN positive social relations and interactions are a must. Thus, the creation of a climate where happy family atmosphere prevails is appropriate for him. The SELF ACTUATING MAN seeks achievement, accomplishment and meaning in what he does. The organisational climate with a certain degree of freedom is appropriate for him. Thus, in order to build up a sound organisational climate, management must understand the people in the organisation. The importance must be given to what motivates people's performance in general and building an overall climate conducive to motivation, a keen insight into the individual in particular and tailoring a personal approach to leadership and job design to which the man will respond with commitment. The different types of people suggest that there cannot be any all purpose organisational climate.