CHAPTER 1

ORGANISATIONAL CLIMATE: A THEORETICAL ANALYSIS

PART A

SIGNIFICANCE OF ORGANISATIONAL CLIMATE

Human needs and their satisfaction constitute the pivot around which major activities of people revolve. The wants assume numerous forms and dimensions and multiply in many directions as the individuals advance in their life. It is a never ending process. The efforts to produce goods and services to satisfy the changing and increasing needs also take different directions. Production of goods and services by individuals in isolation, while lacking adequacy, cannot enhance the quality of life of people as a whole. It could at best, provide meagre sustentation. People, therefore, come together, in distinct formal groups with well defined structure and relationships and related roles, which is normally understood as organisations.

The cooperative endeavour of these people goes through a process to produce goods and services capable of providing maximum satisfaction to the consumers. The goods and services logically must be within the reach of the needy persons, or they should be affordable. They must reach people at the right time in the right quantity. People must have the freedom of choice, which will necessitate producing substitutes.
The attributes and conditions stated will need series of activities. Activities are to be planned, the resources; men, materials, money and machines, are to be organized, the activities are to be directed, coordinated and supervised and then it is to be ensured that the planned activities achieve what is required or targeted. People who undertake these activities are the 'managers'.

Just planning the activities and undertaking them may not produce the desired result. How those are undertaken - manner, approach and methodology - matter and that perhaps, makes all the difference in quality, quantity and cost of products and services produced.

Harold Koontz and his friends, thought the managers' role is fitting into a total cooperative system with elements that encompass physical (material and machinery), biological (people) and social (group interactions, attitudes and beliefs). (1)

Chester Bernard believed that organisation is a cooperative system involving physical, biological, social and psychological elements. Managers or executives are a component of organization. (2)

Qualifying the managerial functions Peter Drucker said "Management which is the organ of society, is specifically charged with making resources productive". The resources become productive when they result in the intended products and services within the shortest possible time with minimum cost and least wastage. Machinery can be inspected and tested. Most suitable of machines can be procured. They will continue to perform more or less in the same manner so long they are maintained well. Most suitable raw materials, in the same way, could be purchased and utilized. The human resources too, can be selected and employed, but how they perform, however, depends on a host of other factors.

The organisations can survive and grow only if they produce surplus income. Its growth, quantitatively and qualitatively, depends on the surplus. Break-even level of performance could facilitate only short term survival. In the long run, more innovative and aggressive competitors would eliminate such organisations from the market. Creating surplus is the task of managers.

Surplus is created by keeping the cost of production low, avoiding wastage and introducing continuous innovations. Efficiency of the persons using the machines and material is the determining factor for low wastage and cost reduction. Efficiency coupled with innovations and creativity depends on the morale, motivation and attitude of the employees toward work and the organization.

The task of managers, according to Koontz, is to "establish an environment for group effort in such a way that individuals will contribute to group objectives with least amount of such inputs, as money, time, effort, discomfort and materials". (4)

Management should not be misunderstood as a simple activity as mentioned by Claude S. George, Jr. He said, "Management consists of getting things done through others; a manager is one who accomplishes objectives by directing the efforts of others". (5)

He, of course, hastens to add that some managerial undertaking is much more complex. The total activity of the manager is to "create 'an environment' conducive to the performance of acts of other individuals to (1) achieve a collective goal, and (2) to achieve one or more of the goals of the participating individuals". (6)

Claude has divided the environment into "physical environment" and "conceptual or mental environment". Physical environment relates to temperature, noise, light, ventilation, tools used, methods of work, materials employed, sequence of work and so on. The conceptual or mental environment relates to the attitude of individual worker. The

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(4) Harold Koontz and others, Ibid, P.5
(6) Claude S George, Jr., Ibid, P.5
manager must aim to create a positive attitude or frame of mind of the worker. Such a climate or environment must help the workers' satisfaction and also encourage him to participate in organisational endeavor. They must be made to understand through the mental climate that why the organisation needs them, why they should contribute their best and how their personal goals can be reached through the cooperative endeavor.

Claude has used the term 'mental climate' to explain employees concern and commitment for the achievement of organisational goal and the harmonisation of the employees' and organizational goals.

Peter Drucker, amplifying the significance of proper climate stated that it is the "spirit" of the organization that motivates people for better contribution. It calls upon a man's reserves of dedication and effort. It is the spirit again that decides whether he will give his best or do just enough to get by. The 'spirit' which he talks about is the climate with in the organization. Quoting Lord Beridge, he says "the purpose of an organization is to make common man do uncommon things". (7)

Drucker was of the view; "good spirit requires that there will be full scope for individual excellence. Wherever excellence appears, it must be recognized, encouraged and rewarded; the focus should be on the strengths of a man - or what he can do".

(7) Peter F Drucker, Ibid, P.145.
Drucker emphasized that good spirit depends on management - morality, the stress on integrity and high standards of justice and conduct.

Drucker's emphasis rules out the possibility of getting the job done through employees by managers by using authority or power.

Newman says that today the use of power by managers has been restricted. Power plays a lesser role. The restriction is because of two reasons. First, to avoid corrupting effect, and second, "power is ineffective in generating the feelings of personal obligation and initiative that are needed for so many jobs in modern business". (8)

The authors agree that there are many drawbacks in the use of power, the most important being the "counter power" or the power of the employee unions. Yet another counter force is the "influence" that might shape the behavior of the employees. An employee relies on information, suggestion and reactions from other persons, friends, colleagues and persons whom he respects, in deciding his course of action. The 'other persons' thus influence him. Such influence is accepted voluntarily or even unconsciously, particularly from a friend or an expert. Managers need to be sensitive to the pattern of influence on employees that might affect their operations. (9)

The authors felt that there is a need for building influence of executives. The building of influence by each executive depends on the executive himself. By his personal behaviour in dealing with associates and subordinates, he can win a great deal of respect and confidence.

The "conceptual or mental environment", the "spirit" and the "influence" mentioned by different management experts indicate something much more powerful, pervasive and permanent than just the manager-subordinate relationships or rules and regulations of the organization. Something not visible but acts on every person within the organisation. This something may be just some aspects of organisational climate.

ORGANISATIONAL CLIMATE

"Organisational Climate is the human environment within which the individuals perform their tasks within organisations". (10)

Renato Taguiri prefers to define organizational climate as "Organisational climate is a relatively enduring quality of the internal environment that is experienced by the

members, influences their behaviour and can be described in terms of values of a particular set of characteristics of the organization".  

A definition given by Forehand and Glimer also contains the same focus. "Organisational climate is the set of characteristics that describe an organisation and that (a) distinguishes one organisation from the other organisations; (b) are relatively enduring over time; and (c) influence the behaviour of people in the organisation. It is the psychological structure and its sub-units of an organisation".  

The authors are unanimous in their finding that organizations have their own characteristics or personalities which are built up gradually over a period of time. It is only a perceived personality, cannot be seen but can only be experienced, like the air around us. The personality influences the behavior, values and attitudes of the persons who work within, or those who belong to, the organizations.  

(11) Renato Taguri and George H. Litwin (Editors), Organisational Climate, Graduate School of Business Administration, Harvard University, 1968.  

The climate of different geographical regions of Earth is conditioned by the sunshine, rainfall, altitude, the built up area, population, vegetation, wind movement, the industrial and other pollutions. Variation in any one of these does affect the climate of that region directly or indirectly. In the same manner, organisational climate is also a composite amalgam of many factors, both internal and external to the organisation.

Internal Factors

Quality of leadership is the foremost in creating a favorable climate. It is the foundation of organizational climate. Amount of trust, nature of communication, in all directions, sense of purpose of the work, opportunity to share responsibility, justifiable control techniques, open structure and minimum red-tapism are the other contributing factors. Quality of leadership and the approach of managers are the basic factors that determine the employee participation or involvement in organisational decision making, which is also a significant factor in shaping a favourable organisational climate. (13)

External Factors

People in the organisation come from the society. They are also part and parcel of what is happening in the society, to which they belong. Their value systems, ethos, preferences etc., are molded by the culture, that is, the social behaviour of the people. Behaviour is also modified by external environment factors such as the:

- Government policies,
- Economic conditions,
- Politicalisation or political influences,
- The level of education,
- Natural calamities, and
- The happenings in the neighboring societies/nations.

The technological advancement, particularly in the field of electronic communication, has brought the entire world so close, that happenings in any part of the world, creates an instant reaction in the rest of the world. Today, information is on the finger tips of people as a result of satellite-based communication system. Even the cultural identity of people is developing cracks. A cultural overlap is the emerging trend, resulting in a cultural shock, for Indian Society particularly. The progressive organisations, therefore, are alert to caution themselves of the impending globalisation of issues particularly relating to the management of human behaviour.

**Influence of Healthy Organisational Climate on Behaviour**

Organisational climate shapes the attitude, value and behaviour of people working in an organisation. The organisational climate can be evaluated by judging the behaviour of people. The following characteristics could be studied
a. **Freedom to manage oneself**: In transactional analysis language, an employee will be more productive, efficient and creative when the organisational climate prompts him to let loose the positive aspect of his natural child ego state. Employees work better when they have the freedom to "manage themselves", or the freedom to use their discretions and take decisions related to their work. The delegation becomes effective, when there is no undue interference from the person who delegated the task and authority. The employees exercise self-control at their work. The unpleasantness of formal controls are absent or minimal.

b. **Open structure**: An organisation is a system. The organisation is healthy when every component of the system works in harmony. The organisation system works through people. People interact with one another. The organisation structure must facilitate free interaction, formal and informal, without any sort of bottlenecks, restrictions or status differences.

c. **Internalisation of organisational goal**: An employee does his job for two reasons. Satisfaction of the organizational requirement and the second, satisfaction of his own needs. He gets his salary for his contribution to achieve organisational goal. Salary helps to satisfy his needs. In a positive organisational climate, the distinction between the two satisfactions vanishes or at least reduces immensely. Organisational and personal goals are harmonised at least to a considerable extent. The employee does not work for rewards alone; they are motivated because of the job-satisfaction they enjoy and considers organisational commitment as their own commitment. Their integrity, loyalty and morale are high.

d. **Friendliness and concern:** In the present day context, employees spend most of their active part of their time in a day, at the work place and for the organization. They are either traveling, working or resting to be ready for work again. In the process, their social contacts with friends, relations, neighbors etc., gradually shift into the background, the intimacy is lost, and gradually they become strangers in their own society. The work place, therefore, becomes an alternate society for them. The managers or employers should make efforts to create a sort of joint family relationship amongst the workers, and treat them in a friendly manner and as members of one group.

e. **Mutual Trust and Support:** When the managers trust the ability and integrity of an employee, he is likely to take more initiative in work. He is prepared to take risk in trying out new methods, new operations, because he is not afraid of reprisal, ridicule or punishment from his boss. He expects that his effort for innovation would be supported.

f. **Human Resource Development:** No organisation can derive maximum advantage from its employees if it continues to use their existing skills and proficiency. Favorable organisational climate will have provision for people to be trained to take up higher responsibilities and create opportunities for the development of their potentialities. The employees do not stagnate but grow with in.
The Focus

The discussion so far focuses on one vital fact, the human resource. Merely having a number of employees, nevertheless, may not constitute a productive resource. Productivity of an employee essentially depends on three important factors: sound health, mental harmony and motivation to do the work. These factors, complimentary to each other, together reflect the organisational policy on human resource management, the quality of work life, leadership styles, incentives, progressiveness of the organization and managerial leadership styles. Every employer aims at maximising productivity of employees. But it does not happen in many organisations. It is amazing, at times, that best of pay, best of welfare measures, best of growth opportunities etc., do not result in high motivation, morale or productivity. The search for excellence through creativity or innovation is absent. The employees, sometimes even doubt the best of intentions of the employers.

PART B

NEED FOR THE STUDY

The human relations scenario particularly in Indian Organisations is disheartening. Employer-employee rifts are on the increase. Strikes, lockouts, work-to-rule, non-cooperation, absenteeism and even overt antagonism and anti-organisational activities are rampant. Production capacity is under-utilised. Some of the ambitious projects, almost at the take off stage itself, remain as a non-starter. Spontaneous upward communication is very rare. Employees are not committed to the goals of the organisation. Organisational loyalty and integrity are on the decline. It is a common knowledge.
The pattern of behavior as mentioned usually emanates from an unhealthy organisational climate. It adversely affects the profitability and growth of the organisation.

The internal and external environments have astonishing effect on employee motivation. According to Keith Davis, "All organisations operate within an external environment. A single organisation does not exist alone. It is a part of larger system that contains thousands of other elements. All these mutually influence each other in a complex system, that becomes the life style of people. It influences the attitudes of people, affects working conditions, and provides competition for resources and power."(15)

The problem of motivation also cannot ignore the historical or cultural background of the society to which the employee belongs.(16)

A management system will only be effective if it suits the cultural ethos, values, hopes and aspirations of people managed. The Western Management system was designed and developed over the years, to suit the people in the Western Countries, based on their culture. The social system, values, cultural heritage of Indian people are vastly different from that of people in Western Countries. This fact, perhaps, may be one of the causes of the anti-management feelings and attitude of employees in Indian organizations. There is a gap in employer-employee relationship and it keeps widening year after year. The organizational climate in Indian organizations is, therefore, considered much to be desired. This is the conclusion drawn from the author's own managerial experience over the last twenty five years.

(15) Keith Davis, Ibid, P.5

The present study was undertaken to identify and analyse causes for the development of unhealthy organisational climate in Indian organisations. It involved finding answers to many questions of employee productivity, employer-employee relationship gap and organisation structure.

Western Management Theories

No serious effort, so far, has been made by any one to evolve management theories for application in Indian organizations. The management education in India today is heavily dependent on the literature from the Western World particularly the United States of America. Indian organisations take pride in employing persons who have had management education abroad. While the basic principles of management are the same everywhere, particularly, in the areas of production, engineering, financial management, marketing etc., in certain areas such as management of people, sales managements, consumer study, and so on, the cultural influence on them will have to be taken into account.¹⁷

An in-depth comparative study of management practices conducted by Boseman F G and Phatak A, in fourteen chemical, pharmaceutical and engineering industries in India and American Subsidiaries came to almost the same conclusion. The differences were deeper in the areas of superior-subordinate relationship, interpersonal relationship and managerial leadership styles. Indian managers, particularly, in family owned companies, exhibited a kind of autocratic style of management in these areas.¹⁸

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¹⁸ Yunus Kathwala (Associate Professor of Management, Eastern Illinois University, USA) and Edgar T Busch, Article entitled "Management Process in Indian Firms and American Subsidiaries - A Comparative Study", Indian Management, October 1983.
Review of some of the theories of management, therefore, is called for. In the present study, theories relating to leadership, motivation and organisation structure reporting relationship will be considered.

Management Leadership Styles

The leadership concept takes shape when there are some others to be lead or guided. In an organisation the function of providing leadership through, direction, coordination, supervision, counselling etc., is undertaken by the managers. The leadership is, thus, studied in relation to the followership or the subordinates. The managers evolve their style of leadership and approach in dealing with the followers or subordinates based on their assumption about the latter. The theory 'X', or traditional assumptions about people, of Douglas McGregor, is the style of management that matches with the style of the British colonial rulers in India, who ruled the country for over two hundred years.

McGregor did not have the Japanese management style (lifetime employment and workers participation in management) in mind while he coined the theory 'Y' assumptions about people. As Koontz and others said that McGregor never advocated any of them to be practised by managers, but only said that managers could adjust their styles anywhere between the two. (19)

Nevertheless, many of the managers, in many of the companies both in India and other developing nations, firmly believe in theory 'X' assumptions. It is safe for them to be distinct and behave differently, both within the organization and outside, because the society outside too accepts it. Lack of education and social etiquette and mannerism coupled with low standard of living makes such social compartmentation of lower level employees justifiable. Aloofness of managers is a status symbol in India. Social discrimination is evident from the customs and practices prevailing even today as in some of the clubs which were once frequented by the British citizens.

Every child in the early schooling days tries to imitate its teachers. The teacher is the model in its brain. Every person in real life situation too unconsciously accepts some one as his/her socio-psychic model. These models play very crucial role in shaping the behavior pattern in relation to others at least for some time. Those are the models which are at the bottom of the assumptions about other people, the theory 'X' or theory 'Y' or any other assumptions.

The author’s experience in the Indian Air Force, for over twenty two years confirm the practices based on theory 'X' assumptions. It is in force in all three services of the Indian Armed Forces in varying degrees, the Army, the Navy and the Air Force. Its application may be less rigid when operating in War Zones or Field Areas. A befitting example familiar to all Indians is the government bureaucracy operated by the politicians in power and the All India Cadre officials like the Indian Administrative Service, Indian Foreign Service, Indian Police Service etc. The officials and ministers who took up the offices, held till then by the Britishers, had the British models in their mind and resorted to behaving in the precise manner as the Britishers did. The managers in Indian organizations derive their inspiration from the ministers and government officials. Their models are detrimental to the organizational interests. They are either blissfully ignorant of the fact or they pretend to be ignorant to safeguard their selfish motives.
The "Autocratic Model", says Keith Davis, "has its root deep in history and certainly it became the prevailing model of the industrial revolution". (20)

Some Managers behave in a formal manner, it is their protective shield, and they mainly rely on authority which is delegated down to them from the top. They believe those who are in command, must have the power to demand.

The accepted behavior of the employee is to obey the boss. The employee has to depend on the boss for his survival.

The three other models, custodial, supportive and collegial, explained by Keith Davis confirms one point, that is, the managers change their style not at their own free will, but because the employees become aware of their rights, and more and more of them are becoming educated and united.

Ideal Leadership Style

Leadership is an influence, the art or process of influencing people, so that they strive willingly and enthusiastically toward the achievement of group goals. The fundamental principles of leadership as per Harold Koontz "since people tend to follow those whom they see as a means of satisfying their own personal goals, the more managers understand what motivates their subordinates and how their motivation operate, and the more they reflect this understanding in carrying out their managerial actions, the more effective leaders they are likely to be". (21)

(20) Keith Davis, Ibid, P.111.
The explanation of the leadership principles lacks a very fundamental ingredient, that is, the concern for people. The explanation may give an impression that managers must look for the weakness of the employees and exploit them, in order to be successful. It is worth remembering that what motivates employees may not be really beneficial to them, (like overtime work for extra monetary gains). It is the responsibility of a true leader to be concerned about the long term benefits and well being of the employees. They must counsel and persuade them to be motivated in the right manner. Motivation can be substituted through sublimation, brought about through employee counselling.

The study by Rensis Likert and his associates had made some interesting contribution to the managerial leadership styles. They divided the styles into four categories, which they call as systems. In System I, called 'Exploitive Authoritative', the managerial actions are comparable with those based on Theory 'X' assumptions. System II, 'Benevolent Authoritative', is like the "carrot and stick" approach to management and touching the peripherals of the Theory 'X' assumption. While System III, 'Consultative', is one step ahead of System II, with a democratic approach to enlist the involvement of subordinates. The ideal model of management leadership is contained in his System IV, which is "Participative Group System".

System IV Managers have complete trust and confidence in subordinates on all matters. Managers rely on the ideas and opinions of subordinates in their decision making. Communication flows freely throughout the organization. People have freedom to make decisions at all levels. Managers prefer to work as a group among themselves and the subordinates. They ensure the economic rewards are on the basis of group participation in goal setting and achievement. (22)

The model, after all, is a research finding, which involved only small groups. Its applicability, in all situations, and in different environments, has not been tested. Yet, it serves as a yard stick for the managers to be successful in their effort.

The leadership models dealt with relates to only one side of the coin. Without understanding the otherside, the followership, the picture will be incomplete.

Effectiveness of Motivational Theories

People work in organisations, obey their superiors, follow their leaders, adhere to rules and regulations because of one reason, they must gain the power or resources to satisfy their needs. Management thinkers, therefore, thought that if the managers understand the human needs better, they could be more effective in molding the behavior of people in the manner desired.

Many psychologists and sociologists have tried to identify and interpret human needs. The contributions by the following authors are considered here:

* Abraham H Maslow and his theory on Hierarchy of Needs.
* Claton P Alderfer and his ERG Theory of Needs.
* Frederic Herzberg and his two factor theory of Motivation.
* Victor H Vroom and his Expectancy Theory of Motivation.
* Keith Davis' Four Motivational Patterns.

These are some of the well know efforts in this field.
Abraham Maslow

His studies showed that the human needs can be divided into five groups:

1. Biogenic or Basic Physical Needs - food, shelter, rest, clothing and procreation needs.
2. Security or Safety Needs - self protection and continued availability of means to satisfy the biogenic needs.
3. Sociogenic Needs - need to be loved and to love, to have a sense of belongingness and sense of security and everything that an individual should possess to be accepted as the member of a desired group.
4. Egoistic Needs - need to be different from others, to hold a position, status, power, tobuild self strength and to command others.
5. Self Actualization - desire to become more and more what one is capable of, to achieve perfection, taking challenge voluntarily, is a way of life for them.

Maslow felt that the five sets of needs are satisfied in a particular order. Unless the biogenic needs are satisfied to a particular level, in order to maintain physical well being, other needs will not motivate people. He called the first three groups as lower level needs and the other two as higher level needs, in the order of priority of satisfaction and the intellectual involvement in the efforts to satisfy them.

Maslow's Theory in the Organisational Context

Maslow's hierarchy of needs, in the organisational context, may have relevance in the following manner:

* Biogenic Needs - related to the wage and salary, working condition etc.
Security or Self Preservation Needs - to permanency of job, security of employment, accident and sickness benefits, retirement benefits etc.

- Sociogenic Needs - to welfare measures, perquisites, dearness allowance, informal social relationship needs at work place, warm and trustful interpersonal relationships within organizations.

- Egoistic Needs - to fair, honest and open recognition and appreciation, honoring the self respect of individuals, availability of opportunities for self expression and so on.

- Self Actualisation - support for initiative, creativity, opportunities for self expression and research and willingness to accept opinions and suggestions by the superiors.

Claton P Alderfer

The contents of his findings do not vary much from the hierarchy of needs of Maslow. He simplified the theory by grouping them just into three categories, without allocating any order in their satisfaction. The three groups are:

- Existence Needs - food, pay, good working conditions - Physiological needs.
- Relatedness Needs - All types of relationships with people - Sociopsychical needs.
- Growth Needs - some aspects of the egoistic and self actualisation needs of Maslow.

Though the needs of Alderfer do not differ much from that of Maslow, two of his findings are in total contradiction to the arguments of Maslow. First, he says, when the "Relatedness Needs" are not satisfied, the individual will switch his efforts to satisfy more of "Existence Needs".
Second, when "Growth Needs" are not satisfied or less satisfied, more "Relatedness Needs" will be sought after.

In the organizational context, the above two contradictions would mean -

* when the relationship of the employee with the colleagues or superior is strained he would try to extract more material gains or benefit from the organization, and
* when the promotion, increment or beneficial transfer is stopped or becomes difficult, the employee would try to be in the good books of the superiors or influential persons who matter or the perspective employees of other organizations.

(ERG are the first letters of his first three sets of needs, which give the name to his theory).

Frederic Herzberg

Herzberg had made an attempt to modify the approach to motivate the people through need satisfaction. He asserted that all needs cannot motivate, but to motivate, some needs are to be satisfied first, without which no motivational effort will succeed.

The first category of needs he named as Hygiene or Maintenance Factors - covering company policy, administration, supervision, working conditions, interpersonal relations, salary, status, job security, personal life and so on.

The second factor is called Motivators or Satisfiers, which included achievement on the job, recognition, challenging work, advancement and growth on the job.
He also calls the first group "Dis-satisfiers", because if they are not present, the workers will resent and the absence will dis-satisfy them. On the contrary, if the motivating factors are present, they could motivate workers. But in case they are not available the absence would not dis-satisfy the workers.

These are only general assumptions and hence cannot guarantee success when applied in management practices. In certain situations, and in case of some individuals, the maintenance factors could also be used as motivators. The applicability varies from situation to situation and individual to individual.

The starting points of the theories of Keith Davis and Victor H. Vroom are two steps ahead of the other theories mentioned. Individual needs generate wants, and wants spark a drive in the individuals to undertake activities to satisfy the needs. The drive which leads to activities is the 'motivation'. The four motivational patterns of Keith Davis and the expectancy Theory of Motivation of Victor H. Vroom, start from the Drive.

Knowledge of motivational patterns, according to the authors, could help the managers to motivate the subordinates and shape their behavior. These are more of wishful thinking, because knowing the motivational pattern of employees call for drastic change in the managers styles and attitudes which may be an impossible task for some. Employees open their minds only to those persons who are the former's well wishers. The managers will have to establish friendly, informal and trustful rapport with them as a first step.
Victor H Vroom

Two fundamentals of his theory are (a) the strength of the needs of persons and (b) the probability of satisfying the needs or achieving the goal with some efforts which are within his capability. The interaction of Valence and Expectancy leads to Motivation. Valence is the strength of one's need and Expectancy is the Probability of achieving the goal or satisfying the need with certain efforts. Motivation is the strength of drive to undertake activities.

An individual may need something but does not want it now. Here the valence is \(-1\). In another case, the need is such that if it is satisfied, fine, but if not satisfied, it is not going to matter much. The valence here is neutral or zero. In the third situation, the needs must be satisfied. It is an inescapable necessity. The valence in this case is \(+1\). In the case of expectancy, when there is probability, judging from the nature of activity, which is within the reach of the individual, of achieving the goal, the probability, therefore, is \("+1\)". When the probability is a far cry, its strength is "0".

Keith Davis

According to Keith Davis, (based on the study of David McClelland) there are four types of drives found in individuals (based on their needs). They are -

* Drive to overcome challenges, advance in life and profession and grow - Achievement Motivation,
* Drive to establish good relationship with people - Affiliation Motivation,
* Drive to do quality work or achieve excellence - Competence Motivation, and
* Drive to influence people and shape situations to suit one's own interests - Power Motivation.
He further clarifies that achievement motivated people seek accomplishment for its own sake. They are not money-hungry; comparable with the self actualization needs of Maslow. Friendliness and recognition of their positive attitude and cooperation is the key factor for the motivation of people with affiliation drive. They wish to work with friends, in a liberal environment. High quality work which leads to self-satisfaction, even at the cost of personal comforts or bad interpersonal relationships is the hallmark of competence motivation. Risk taking and blind application of power, destructively or constructively if needed, are the signs of power motivated people. (23)

The effectiveness of motivation or strength of drive to act, depends not only on the PRIMARY outcome but also in the SECONDARY outcome, that is, in the case of a promotion of an employee, status in the social context and the recognition of his achievement by the 'significant others' in the individual's social circle.

This vital factor is important to managers. The employees cannot be considered in isolation of the social group to which they belong, both within and outside the organization. (24)

ORGANIZATION STRUCTURE

The third factor which affects Organizational Climate is the organizational structure. Brief look at its impact on the behavior of people working within the organization, is appropriate. Stoner described organizing as "the process of making the organization's structure fit with its objectives, its resources, its environment, and organizational structure as the arrangement and interrelationship of the component parts and positions of a company". (25)

The organization comes into existence as a result of its multiplicity of activities to be undertaken by a number of individuals who are employed for the purpose. There are specialised functions, skilled functions and functions which can only be done by groups of individuals jointly. Though divided, all the activities of the organization must lead to one destination, the goal or target set by it. The activities, therefore, are to be linked, and inter-related. As the number of activities increase, the effort to coordinate, supervise and control them will have to be dissected and delegated. Delegation involves decision making at different levels, which creates a chain of responsibilities and accountability. These are the reporting relationships. A formal organisation structure, thus, comes into existence.

Structure consists of departments, sections, sub-sections, and positions. These physical slots, are then filled up with people with the required job specifications which matches with the job descriptions. The process is staffing and the end result is a formal organization, with well defined chain of command and channel of communication.

Inherent Shortcomings

Koontz and others found that the following mistakes could be made in organising the formal structure:

* Failure to undertake proper planning of the organizing activities. Organising needs to take into account the external environment including the market conditions, technological changes, the number and nature of people, changing needs of people and expected growth of the organisation.
* Failure to clarify relationships, leading to friction, internal politics, wastage and inefficiency. The result, then would be managers having a group of subordinates without any specified objectives. Their behavior will be a reflection of jealousy, insecurity, avoidance of accountability. They may maneuver work situations and relationships just to gain position and favours.

* Failure to delegate authority. Managers are found to be reluctant to part with even a portion of their decision making powers. There are other extremes also, where managers divide their entire powers with subordinates. This is also bad. There must be a balance. Giving authority without responsibility, or the other way round, holding people responsible who have no authority, excessive application of staff functions, misuse of functional authority, multiplicity of superiors, misunderstanding the role of service departments etc., are some of the other possible mistakes. (26)

The mistakes enumerated above leads to inter-departmental and inter-personal conflicts, dissatisfaction and frustration amongst the employees. These will create avoidable relationship-stress within the organisation which in turn result in wasting away of the productive energy of the enterprise.

**Informal Organization**

Bernard mentioned that a formal organization invariably creates informal organization. Any personal activity without conscious joint purpose, even though possibly contributing to joint result, is an informal organization, according to him. Pursuing the same line of thinking, Koontz and others, expressed that there are three types of informal group usually found in an organization. (a) Friendship Group, (b) Cliques, and (c) Sub-cliques.

They argue "the existence, variety and virility of informal organization lead to the conclusion that they satisfy human needs in a way that formal organizations do not". (27)

Group norms and standards through group pressures determine the performance level of employees. The findings of Elton Mayo, in the Bank Wiring Room Experiment, as part of his famous Hawthorne Studies, at Western Electric Company, substantiated the fact. (28) The flow of authentic information through the grapevine to the informal group is their another strength. The informal organizations could either aid or interfere with organizational activities. It is in the best interests of the organization that the informal groups are used constructively. Koontz and others agreed that "the goodwill, energy and initiative of informal organization supplement the purpose of formal organization and each stands to gain from the satisfaction of others needs". (29)

The mistakes in organizing pointed out by Koontz and others will directly torpedo the very foundation of a healthy organizational climate.

Keith Davies agrees with the above observation. He emphasised that "when organizational structure, rules and procedures are rigidly followed, a condition known as 'bureaucracy' develops. Bureaucracy is characterized by a large complex administrative system operating with impersonal detachment from people." (30)

(29) Harold Koontz and others, Ibid, P. 234
Excessive application of rules, controls, and compulsion to follow the 'Proper Channel', that is, the chain of command are the hallmark of a bureaucratic system. People who are expected to manage will be acting just as rule enforcing authorities because such behavior will not effect their job-security and no need of taking risks. To avoid possible risks, the responsibility they take is diluted by involving multiple decisions or approvals at various levels. Elaborate paper work and red-tapism are the side effects. Everything moves slowly. There is no scope for personal opinions or creativity.

Bureaucracy, thus is to be considered as the worst enemy of a healthy organisational climate. The organisation structure and reporting relationships in an organisation have direct impact on the organisational climate. The study of organisation structure and the manner in which it is operated, is significant to understand the organisational climate. Newman, Warren and Summer have aptly highlighted inter-relationship between formal organisation structure and organizational culture.

"Formal organisation that assigns duties and specific relationships provides only one set of motivation to which people respond. An organisation structure that carries 'official' approval is a strong influence, but there are many other pressures".

"Men live and work together in organizations. Their close proximity soon results in a pattern of behavior and belief which is called 'culture'. Every enterprise develops, within the broader national culture, its own sub-culture, that is, the beliefs and patterns of conduct that are associated with living and working together in that company".

They argue that "a manager cannot manipulate social behavior any way he pleases, but he can attempt to design work structures so that social pressures and formal organization tend to support each other". (31)

All the management thinkers agree that the organisation structure must be flexible enough and sensitive to incorporate the human factor into it when needed.

Generally, the enterprises tend to view the organisation structure as permanent, once it comes into being. The organisation chart, the directory of duties get a sort of sanctity and altering them is not thought about or considered desirable. They become a kind of horoscopes of the companies. The people in the company change, the products change, the company grows, the technology changes, the social, political and economic environment in which the company operates are flexing continuously. In the thick of day-to-day operational problems the management ignores to take heed of these changes in front and around them. Those invisible and neglected under-currents shake and dislocate the very foundation of organisational culture.

NATURE OF THE STUDY

It is the aim of every organisation to undertake its activities in a most efficient manner, and optimise its income, with minimum input. If the cost is to be reduced, the productivity of the employees will have to go up. The products and services will have demand when the quality is high. High productivity and quality will depend on a very healthy organisational climate. A detailed analysis of the organisational climate is, therefore, necessary to ascertain the internal health or ills of an organisation.

The organisational climate of an organization is evolved over a period of time. The climate is molded from a composite amalgam of the following main contributing factors:
A close look at these factors would show that each one of them has a definite role in shaping the organizational climate.

a. Economic Conditions

The basic life-line of an organization is finance. Besides the fixed capital, the company requires money for the procurement of materials, payment of wages and salary, and other overheads. These are the priority areas for financial application. When the companies make good profits, the surplus could be diverted, depending on the policy of the company, for various employees welfare schemes, additional incentives, organization development etc. On the contrary, when the company is in financial difficulties, their entire activities come under pressure. Shortage of resources puts a strain, particularly on many non-priority activities. It also creates a mental stress among the executives. There will be an atmosphere of uncertainty. Adverse economic situation contributes for rigidity in risk taking, controls, innovations and freedom for decision making at lower levels.
b. Managerial Leadership

The interpersonal relationship and the commitment of people within the organizations could be influenced, to a great extent by the styles or approach of managers. In general, the leadership styles could be classified into two: One, autocratic or dictatorial or closed system of management, and the second is the democratic or open system of management. Under the former style employees are to take orders and execute them.

They have no say in the decision making or other matters relating to the organization. The communication is one-sided, top-to-bottom. While in the second case, there is certain amount of openness. Every one contributes, directly or indirectly, to the decision making. Free flow of communication in all directions is a significant feature. Certain amount of warmth and friendship could be seen everywhere.

c. Organizational Policies

The basic philosophy of the organization provides the direction to its activities and outlook. If the company considers that people are supreme, then the policies on all matters, say, wage and salary, welfare, incentives, development, working hours etc., will be people-oriented. If not, consideration of the people will come last.

d. Personal Value of Managers

The Indian saying "Yatha Raja, Thatha Praja" (meaning the subjects reflect the nature of their King, if the King is good, the subjects are good and vice-versa) is very much relevant here. Values of the superiors relating to autonomy of action, just and fair dealings, economic and emotional security, providing opportunities for growth will determine the value systems of others down the ladder. It will be a chain reaction from top to bottom. There are exceptions, but they can only be short-lived features.
Organizational distance, created by far-flung reporting relationship, is a cause for unhealthy interpersonal relationships. Such a structure would discourage employee participation in organizational decision making. A hierarchy with many levels, is an example. Most of the communication would follow through proper channel. People will be divided into various job-related compartments. In the process, more and more superiors would resort to written communication. Written communication takes away the mutual trust and comradeship.

f. Characteristics of People

Education and social background play an important role in the behavior of people in normal situations. Well educated, ambitious, young and healthy people could cultivate a constructive competitiveness, calculated risk taking and frank and open communication. Uneducated, aged people may not find much of upward growth. They may, therefore, develop a pessimistic outlook which dampens the organizational spirit and cools the relationships.

g. Organizational Size

Uniform healthy organizational climate is a far cry in very large multi-unit, multi-location organizations. The reasons are two folds. Firstly, the communication, as mentioned earlier becomes more and more impersonal and formal. Secondly, the external environment varies from one place to another.

A systematic study of the factors or determinants of organizational climate mentioned above, is certain to reveal the nature and content of the climate of any organization.
The theories discussed earlier in this Chapter have many gaps, when viewed from the practical or true work situations. They provide a superficial awareness of the attributes of successful managerial leadership or grading managerial leadership styles under different brand names. To motivate employees various tools or approaches have been devised, as projected through motivational theories. Effectiveness of these tools can only be ascertained through tests or applications of the approaches in real life situations. There are no evidences of such tests or applications. As is evident, the philosophy behind the organizations is never actualized in practice. Consequently, the organization structure in certain cases becomes counter productive to the organizational interests.

Hallowness of Leadership Theories

Basically, all management leadership theories are based on non-participant non-controlled observations, or based on the answers given by a few executives during passive encounters with the researchers, belonging to a particular organisation, in a particular country (America). The theories have not been tested even in the country of their origin. What a few managers or executives feel may not be true of other executives in other organisations in other parts of the world, for each person in this world is a unique creation, differing from one another.

The most worthy point to note is the absence of study to find out why managers resort to one particular style or approach in managing people. Why some managers have theory 'X' assumptions of people or resort to autocratic or exploitative authoritative models. The authors of the theories, themselves admitted that different styles of management can be found in any one organisation at any particular period. The theories, hence, do not provide us any concrete solution to leadership problems.
As found by Raymond E. Miles, there are managers in America who believe in dual model theory. One applicable to themselves and subordinates, and the other, relating to their superiors and themselves. The crux of the theory is that the managers are superior to both their bosses and subordinates. Why do they feel that way? Even the management grid developed by the husband and wife team, Robert Blake and Jane Mouton (a behavioral scientist), only tried to find out what combination of "Concern for people" and "Concern for production" different managers - successful, not so successful and inefficient managers - have. They did not have an answer to the question as to why the managers have different combinations containing different proportions of the two factors. (32)

There must be some reason for every manager to feel what model or approach is right and what is wrong.

Motivational Theories Lack Research

The motivational theories are mere cognitive studies based on the feelings and thinking of the authors. No individual will be able to give a correct answer, if asked as to in what order would he/she satisfy the needs. Needs differ from person to person, or situation to situation. In any one person, at a given time, a bundle of needs are present, overlapping one another. Which one of the needs, the person would satisfy at a particular moment, and to what extent he is expecting to derive satisfaction, will depend on many factors such as the time available, urgency, resource available at his disposal, the nature of environment - favourable or unfavourable - and his central life interest. Some of the needs are shaped by the values of the individuals. Values are learned from the culture in which the individual grew up. Culture varies from society to society and nation to nation. Culture

varies from society to society and nation to nation. Culture itself may be influenced by the religious beliefs and physical factors like climatic conditions, mountains, rivers, oceans, deserts and forests. As Luthens puts it "the important role that culture plays in human behavior may be one of the most underrated concept in the behavioral science. Culture dictates what people learn and how they behave". (33)

He adds that, gaining an understanding of human behavior is a very complex and demanding undertaking. (34)

Needs cannot be seen. It can be only learnt from individuals. Individuals need not disclose to the employers or managers what they want, just because they work under them. It will depend upon the nature of relationship or rapport between them. Strong relationship is built on personal understanding of each other. The assumption of employees about the managers, and the assumption of managers about employees are complimentary. How can these two assumptions be modified to create cordial interpersonal relationship between managers and subordinates, both formal and informal? No convincing answer to this question is found in the theories discussed.

Organizational Behavior Modification Theory of B F Skinner, based on the theory of learning developed after a series of experimentation is also found to lack realism. The 'Apparent Conditioning', through reinforcing favorable or unfavorable consequences, may not have the desired impact on individual behaviour, unless the manager knows what

(33) Fred Luthens, Ibid, P.34.
(34) Ibid, P.38.
in real terms is favourable or unfavourable to the individual concerned and what is the most apt method to create a positive reinforcement. (35)

Another intrinsic difficulty with the needs is their nature. Needs can be classified into three groups depending on their life span.

One time needs

Some needs are absolutely temporary and need satisfaction just once or a small number of times in a life time. Marriage of self or children, foreign travel, house construction, getting a suitable job etc., can be examples.

Recurring

Some needs like physiological needs are rhythmic, needing repeated satisfaction. There could be a variation. The needs and the nature of satisfaction may not be the same always, say, same food, or same clothing, may not give the same level of satisfaction always.

Permanent

Permanent satisfaction is essential in case of some needs. Self actualization needs, egoistic, sociogenic needs, and security needs cannot be treated as short term commitment. The satisfaction level will have to be maintained at the same level, if not increased as the time passes by. According to the age and health of a person, the dimensions of these needs may change.

Other Factors of Organisational Climate

Leadership styles, motivational efforts by the organisation and the organisational structure, no doubt, form the core of organisational climate in any organisation. The other factors, as already mentioned, the ownership and external environment - climatic conditions, political awareness, social factors, general economic condition, the civil amenities, technology etc., - also considerably influences the shaping of organisational climate. The theories discussed above cannot provide universal guidelines to create a favourable organisational climate, in all organisations of all nations. Special studies are called for, taking into account the cultural factors, to bridge the gap in both the methodology and approach to manage the behavior of people employed in organisations.

OBJECTIVE

This study, by no means, is an exhaustive one. Each of the factors that contribute for the creation of a positive and healthy organizational climate will need comprehensive and in-depth research to come to any kind of acceptable conclusions. The present study, at best, can be treated as an awareness effort in the area of the analysis of organizational climate in Indian organizations. Nevertheless, the core factors have been studied, though in a limited number of organizations, in greater detail. The main objectives of the study in a nutshell, were two folds:

a) To study the organisational climate existing in three public limited companies in Bangalore, having three different types of ownerships.

   The study of organizational climate concentrated on two specific factors-
   i) Analysis of the nature and content of interpersonal relationships, both formal and informal, and
   ii) Analysis of the impact of organization structure and leadership styles on the relationships.
b) To suggest a suitable model for the effective management of human behavior in Indian organisations.

HYPOTHESIS

Formation of a hypothesis was preceded by a pilot study at all India level. A detailed questionnaire was posted to nine hundred forty senior and junior executives who are members of All India Management Association, National Institute of Personnel Management and some from the organisations situated in Bangalore. Of those, three hundred seventy one completed questionnaires were received back. The hypothesis, as given below, was formulated after the analysis of answers to the questionnaire and a few related published books and articles.

"The organisational climate of an organisation is healthy when the productivity of the employees is high, creativity or innovations is a common feature, people have autonomy in managing themselves, and accountability and self control are the motivating factors. The organisation structure is informal, flexible and open, the interpersonal relationship is filled with warmth, trust and concern for others, people are willing to take risks and they have an opportunity for growth within. The organisational climate with the characteristics mentioned will facilitate effective management of behavior of people employed by the organisation'.

PART C

METHODOLOGY AND SAMPLING

The data and collection was undertaken with the aid of questionnaire, interview schedule and personal observation. The questionnaire was divided into four parts, that is,
The questionnaire for executives and shop floor workers were slightly different in contents. The questionnaire for the executives was a multiple choice type. While the shop floor workers were asked to mark their response in a five-point scale. The personal information expected from the respondents consisted of:

- a) Age
- b) Experience or Total Service
- c) Educational Qualification
- d) Language Spoken
- e) Religion, and
- f) Sex.

These factors are likely to influence, directly or indirectly, the behavior of the individuals. They were, therefore, important for the purpose of the study.

Copies of the questionnaire for Executives and Shop Floor Employees are attached to the thesis as Annexure I and II respectively.
The purpose of observation was mainly to understand the manner and content of expression of formality or informality in interpersonal contacts. It was also aimed at studying the behavior pattern and attitude of managers toward employees and that of employees toward managers.

Sample Units

The study was confined to three representative units in Bangalore, Karnataka State. They were:

- One Public Sector Company (State Government),
- One Public Limited Company (Private Sector), and
- One Multinational Company.

Three units were selected after weighing carefully the various aspects of their suitability. Particular attention was paid to see that the units selected truly represented three categories of ownerships, as mentioned. Besides, emergence of a perceivable Organisational Climate needs fairly long life span. The age of the organisation was, therefore, the other major factor which guided the selection of the sample units.

Model Unit

As the research progressed, it was felt necessary to undertake the study of a fourth organisation, as a model unit, to substantiate recommendations and also to support the second objective of the research. Real life success stories could be more convincing than
mere theoretical conclusions. The model unit selected was a private sector company, situated at Mysore, Karnataka State. The study immensely helped to give shape to the second objective of the research, that is, presenting a workable model for Indian organisations.

Respondents

The frequency distribution of the respondents were as given under:

<table>
<thead>
<tr>
<th></th>
<th>Multinational</th>
<th>Public Sector</th>
<th>Private Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Executives</td>
<td>25</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Lower Level Managers</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Shop Floor Workers</td>
<td>75</td>
<td>75</td>
<td>75</td>
</tr>
<tr>
<td></td>
<td>150</td>
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Selection of respondents in the three organisations also called for special attention. The sizes, in term of man power, varied from unit to unit. It was necessary to identify the respondents almost at the same level in all the three units. It was a difficult task, for the researcher had no intimate knowledge of the respondents. With the help of the personnel department staff and some of the senior executives, the respondents were identified. The personal particulars mentioned earlier, was kept with in comparable limits. The length of service was an added factor for selection. Respondents with ten to twenty five years of services were only selected. The beginners and those whose career growth had reached a saturation point were avoided. Reason, the first category may not have adequate knowledge of the company, while the second category may not have enough interest in the affairs of the company.
LIMITATIONS

The scope of the research originally planned had to be shrunk into smaller dimensions due to various practical difficulties.

Magnitude

Organizational climate covers a wide spectrum of issues related to:

* Human resource management,
* Organisational policies and practices,
* Management philosophy, managerial leadership styles and approaches,
* Organisation structure and reporting relationships, and so on.

As has already been indicated earlier each of these need elaborate study to establish its contribution to creating a healthy Organisational Climate. Selection of samples for the entire issues could be a gigantic task, for they will have to be representative units from different social systems, different regions and so on.

Shortage of time and resource

The efforts could have been so voluminous that it would have been impossible to complete satisfactorily with in a reasonable period. The financial and other resources also would have been beyond the reach of the researcher. The whole task could have been unmanageable.
The pilot study was undertaken with the intention of enlarging the horizon of the geographical limits of the research. However, the analysis of the data received after the pilot study revealed awe-inspiring possibilities and potentialities, both in relation to the scope and objectives. Attempting such a stupendous task, with limited resources and time at the disposal of the researcher, could have been an over ambitious endeavor.

The study was compelled to be confined to the three sample units and the model unit mentioned, as a result of the constraints indicated.

Sensitivity of the Respondents

The inquisitiveness and undue anxiety of the respondents particularly, on some information requested for, adversely affected smooth going of the data collection. Many of them, presumably, thought that it was not proper or safe to give frank opinion about their superiors, the company policies and the like, and that too in writing. They were to be assured repeatedly that the information given by them would not be disclosed to any other person and would be kept as confidential. Many of the senior and lower level executives were difficult to be contacted. They could not spare their time, during working hours. During the second contact, the number of respondents were be reduced to seventy five percent to eighty percent of the number contacted during the first time. During the intervening period between the first and second contacts, some of them were even transferred, or moved out on out-station duties. The study needed considerable amount of tolerance, patience and persistence.