CHAPTER – 2
REVIEW OF LITERATURE

2.1. INTRODUCTION:

People are affected by the culture and climate in which they live. For example, a person growing up in a middle-class family may be taught the values, beliefs, and expected behavior common to that family, and the same is true for organizational participants. The society has a social climate; a workplace has an organizational climate. When people join an organization, they bring with them the values and beliefs they have been taught. Quite often, these values and beliefs are insufficient for helping the individual to succeed in the organization.

The employee needs to learn how the particular enterprise operates and it is here the organizational climate has a great role to play. Impact of climate on organization’s performance and effectiveness is both functional as well as dysfunctional. Talking about the latter, it may be stated that culture/climate leads to “group think”, and may turn out to be collective blind spots, and resistance to change and innovation. Organizational climate basically reflects a person’s perception of the organization to which he belongs, and encompasses the set of characteristics and factors influencing their behaviour.

Thus organizational climate is not a unitary concept rather a composite of many factors. An organization has a structure; it reflects class relation; it has roles; and its ownership is defined in definite terms. The various elements of an organization contribute to the psychological environment of the same. The various factors influencing the organizational climate mainly include eleven aspects like communication, performance standards, support
system, warmth, responsibility, reward system, identity, conflict resolution, participation in decision-making, structure, and motivation level. With regard to the results of these different variables a very positive picture has emerged and all the variables have been found contributing significantly for performing organizational climate.

Organizational climate is a relative enduring characteristic of an organization which distinguishes it from other organization: (a) and embodies members collective perceptions about their organization with respect to such dimensions as autonomy, trust, cohesiveness, support, recognition, innovation and fairness: (b) is produced by members interaction; (c) serves as a basis for interpreting the situation; (d) reflects the prevalent norms, values and attitudes of the organizations culture; and (e) acts as a source of influence for shaping behavior. (Moran and Volkwein, 1992, p.2)

Francese (1993) who examined the effect of climate in service responsiveness; Meudell and Gadd (1994) has studied climate and culture in short life organizations; and Vallen (1993) was concerned about organizational climate and service staff burnout, Organizational climate has much to offer in terms of its ability to explain the behavior of people in the workplace. Ashforth (1985, p. 838) has put forward the view that “climate has the potential to facilitate a truly integrative science of organizational behavior”.

Schneider (1975) offered a definition that represents a more subject perspective of the climate, by suggesting that climate perceptions are psychologically meaningful, and provided descriptions of an Organizational system practices and procedures on which people can agree.

Schneider later discussed in terms of: The atmosphere that employees perceive is created in their organizations by practices, procedures and rewards. Employees observe what happens to them and around them and
then draw conclusions about the organization’s priorities. They then set their own priorities accordingly. (Schneider, 1994)

Schneider, Brief and Guzzo (1996) argue that ‘sustainable organizational change is most assured when both the climate and the culture change. Climate is the ‘experiences of members of the organizations’ and culture is the ‘belief of the members of the organization’ in organization’s value.

Organization climate is a moral concept. In efforts to describe & understand human behavior in organizations since 1984, a substantial amount of research in organization behavior has been concerned with the subject of organization climate which means Global impressions of the organization which members form as a consequence of interacting with other members, polices, structure & processes (Hellriegel & slocum, 1974, Schneider)

Campbell et all (1970) stated organization climate as a set of attributes specific to a particular organization that may be induced from the way that organization deals with its members & its equipment. It includes description of many accepts of an organization such as its structure relationship required system, leadership style norms & values etc.

2.2. EARLY FORMULATIONS OF THE CLIMATE:

The concept of climate can be traced back to the work of Lewin, Lippitt and White (1939) and a work entitled ‘Patterns of aggressive behaviour in experimentally created social climates’ (Denison, 1996; Schneider, 1990). The Lewin et. Al. (1939) investigated the relationship between leadership style and climate, a factor that has remained central to the concept, Joyce and Slocum (1982) trace the concept back to the studies of Koffka (1935) on ‘behaviour environment’; Lewin’s (1936) study on ‘life space’; and Murray’s
work on organizational climate. Lewin’s (1951) approach to climate was conceptualized by the relationship between individuals, their social environment and how that is set in a framework. Lewin expressed this in terms of simple equation:

\[ B = f (P.E.) \]

in which \( B \) = Behaviour, \( E \) = Environment, and \( P \) = the person.

It is clear from Lewin’s equation that the concept of climate takes a psychological approach, focusing upon the individual and seeking to understand the cognitive processes and behavior. Lewin’s conceptualization of the theory provides the underpinnings of many studies and approaches to climate research.

2.3 THREE APPROACHES TO THE CLIMATE:

James and Jones (1974) conducted a major review of the theory and research on organizational climate and identified climate in three separate ways that were not mutually exclusive:

(a) Multiple measurement – organizational attribute approach
(b) Perceptual measurement – organizational attribute approach and
(c) Perceptual measurement – individual attribute approach.

In the multiple measurement organizational approach James and Jones cite Forehand and Gilmer in 1964 has defined organizational climate as a “set of characteristics that describe an organization and that (a) distinguish the organization from other organizations (b) are relatively enduring over time, and (c) influence the behavior of people in the organization.

Schneider and Bartlett (1968) have proposed four organizational climate dimensions:

- **Individual autonomy:** based on the factors of the individual responsibility, agent interdependence, rules orientation and opportunities for exercising individual initiative.
• **The degree of structure imposed upon the position:** based on the factors of structure, managerial structure and the closeness of supervision.

• **Reward orientation:** based upon the factors of reward, general satisfaction, promotional-achievement orientation, and being profit minded and sales oriented.

• **Consideration, warmth and support:** based upon the factors of managerial support, nurturing of subordinates and warmth and support.

In reviewing psychological climate as a set of perceptually based, psychological attributes Jones and James (1979) noted that the process reflected the developments that had occurred in the conceptualization of climate and the nature of its major influences. They propose that psychological climate:

• refers to the individual’s cognitively based description of the situation;

• involves a psychological processing of specific perceptions into more abstract depictions of the psychologically meaningful influences in the situation;

• tends to be closely related to situational characteristics that have relatively direct and immediate ties to the individual experience; and

• is multidimensional, with a central core of dimensions that apply across a variety of situations (through additional dimensions might be needed to better describe particular situations. (Jones and James, 1979, p.205)

Schneider and Hall (1972) describe climate as a global perception held by individuals about their own organizational environment.

Schneider and Snyder (1975) further clarified the approach by defining climate as a summary perception which individuals form of (or about) an organization. For them it is a global impression of the organization.
2.4 DEVELOPMENT OF CLIMATE INSTRUMENTS

Climate researchers typically placed greater emphasis on organizational member’s perceptions of observable practices and procedures that are closer to the surface of organizational life and categorization of these practices and perceptions into analytic dimensions defined by the researchers. (Denison, 1996, pp.621–622). The studies have claimed that climate has a considerable impact upon organizational effectiveness.

Ryder and Southey in 1190 used the James and Jones (1979) questionnaire as the basis for their instrument which they applied to employees with a large public building construction and maintenance authority in Australia. Modifications to the original instrument were threefold, consisting of modifications to the wording, scaling and presentation format. Ryder and Southey judged the scaling of the original instrument to be unsatisfactory.

Rajendran in 1987 reported significant correlation between organizational climate and job satisfaction in a public sector industry in Tamil Nadu, India. Sharma in 1987 examined the effects of organisational climate on job satisfaction, sense of participation, role stress and alienation in private sector and public sector and found that the private sector and the public sector varied significantly on the dominant climates and there was significant correlation between the climate variable and role stress variables.

Srivastava in 1994 studied a group of executives and supervisors and reported that overall organisational climate is positively related with job involvement and higher order needs (self esteem, autonomy, and self actualization) are related with job involvement. Ali and Akhtar in 1999 explored the effect of organizational climate on job satisfaction and they
reported that those who scored high on organizational climate also differed significantly on job satisfaction scale.

Dennison in 1996 argued that the difference between organizational culture and organizational climate is one of perspectives rather than substance. The literature on organizational culture and the literature on organizational climate address a common phenomenon that is the creation and influence of social contexts in organizations. Climate refers to a contextual situation at a point of time and its link to the thoughts, feelings, and behaviors of organizational members. Thus, it is temporal, subjective, and often subject to direct manipulation by people with power, behavioral intention formation in Knowledge Sharing and influence. Culture, in contrast, refers to an evolved context within which specific situations are embedded. Thus, it is rooted in history collectively held and sufficiently complex to resist attempts at direct manipulation.

Generally, quantitative survey-based research taps into the features of an organization's climate whereas qualitative and interpretive research delves into the nature of an organization’s culture. Salient aspects of organizational climate which have been surfaced by scholars interested in understanding individuals' tendencies towards knowledge sharing are, a climate in which individuals are highly trusting of others and of the organization, and an open climate with free-flowing information (Dixon 2000; Gibbert and Krause 2002; Hinds and Pfeffer 2003).

According to Leonard and Sensiper (1998), A climate that is tolerant of well reasoned failure, and a climate infused with pro-social norms, individual's sense of self-worth through knowledge sharing intensifies the salience of the subjective norm regarding knowledge sharing.

An organizational climate conducive to knowledge sharing (operationalized as fairness, innovativeness, and affiliation) exerts a strong
influence on the formation of subjective norms regarding knowledge sharing; it also directly affects (although less strongly) individuals' Intentions to engage in knowledge sharing behaviors.

An individual's attitude towards knowledge sharing is driven primarily by anticipated reciprocal relationships regarding knowledge sharing and the subjective norm.

Katz in 1974 has viewed that successful managers are indeed effective as they possess and be skilled in technical, human and conceptual areas of organizational life. Technical knowledge and skills include understanding and being proficient in using a specific activity and technique that are usually required more at the operative level. Conceptual knowledge and skills include having the ability to visualize the enterprise as a whole, to see the 'big picture' to envision all the functions involved in a given situation.

Conceptualization requires imagination, broad knowledge, and mental capacity to conceive abstract ideas. It is this conceptual requirement that enables an executive to recognize the interrelationships and relative value of the various factors intertwined in a managerial problem and hence is required more at the top level managerial position. Human skills as the name suggests, include the ability to work with others and to win cooperation from people in the work group. The managers with human knowledge and skills understand and recognize the adjustments or changes that might be made as a result of working with associates, and required everywhere irrespective of the managerial level. (Journal of Services Research, Volume 4, Number 1 (April-September 2004) 145 Punia, Dhull).

Sarup in his provocative study during 1997 has raised that the factors like global competition, balance of trade and inflow of capital and technology are fast becoming the determinants of economic performance as well as work opportunities. This situation is characterized by an increasingly rapid rate of
change. By the time one adjusts to a new reality, it is overtaken by a still newer one. Therefore, the administrators of the future need to be multi-skill personalities or jack of all managerial skills and still be master of ‘change management skill’.

Satpathy during 2000 has suggested a distinct type of managerial skill development profile for the future managers. In his article he has advocated a ‘Vedic Model’ of skill development. The findings are in relation to knowledge industry wherein the employees can decide in their own as to what is wrong and what is right by using their knowledge base. He is of the opinion that in the coming years India will become an economic superpower mainly due to its vast intellectual resource and great heritage. Therefore, importance of Indian philosophy in building up future world class organizations is highly relevant. According to him, if lessons on sound management practices from the Bhagawad Geeta are incorporated in the discipline the Indian administrator may find its practice rewarding and professionally satisfactory.

Srivastava in 2001 conducted a study to explore the strength of organizational culture and its relationship with organizational performance, perceived effectiveness and success among managers. The study measured the strength of culture, perceived effectiveness, and success among managers using a structured interview comprising of some objective indicators for performance, pay and promotions. The study has revealed a positive correlation between organizational culture, organizational performance, individual effectiveness and success. Organizations having a strong culture performed better as compared to organizations with a weak culture. The study also brought out significant differences in the perception of role incumbents across hierarchy for all the variables. The results suggest that the culture of the organization has its effect on organizational and individual performance.

Top management should endeavor to inculcate core values and beliefs among employees by adopting certain organizational practices resulting in
better individual and organizational performance and make sure that these are widely shared and upheld by its members.

Shiva kumar during 2002 has attempted to understand the concept of change, organizational culture, organizational development interventions vis-à-vis the rationale for organizational development interventions, to implement and sustain a culture of change. The author is of the view that in this era of change uncertainty seems to be the order of the day. In order to survive the organizations are therefore trying to implement radical transformational changes. (Journal of Services Research, Volume 4, Number 1 (April-September 2004)).

Change is the normal, natural and inevitable phenomenon in every Organization. Administrators of this competitive and demanding century have a job to do which is considerably different from their predecessors. One might fail in the new role of administrator and bring chaos in the organization. The success in fact depends upon whether or not one has managerial skills and how does the person uses these skills. In fact the challenges of an administrator start from the very day that he occupies the chair and starts planning for betterment. Organizations are getting complex every day and problems are bound to appear. In such a situation administrators with good managerial skills keep the problems at arms length and even if the problem arises it is sorted out by logical thinking.

In spite of best efforts of the administrator some problems remain unsolved or partially solved and may take the form of conflicts. Resistance to change is the basic human nature, which further leads to organizational conflicts that need to be handled by the administrators by safeguarding the well being of all the interest groups.

Thus the people in the administrative posts have to be all rounder, it may be in technical aspect or human aspect i.e., dealing with the people or conceptual skill part i.e., dealing with future and translating the
organizational goals into reality. Administration of well educated and enlightened elites of the society make the job more challenging when compared with other administrators, and require multi-skilling personalities in educational administrators. (Journal of Services Research, Volume 4, Number 1 (April-September 2004)).

2.5 PROBLEM SOLVING SKILLS

The Organizations are confronted by diverse type of problems and they have to gather and evaluate the information for solution of the problem. Generally the information is gathered through sensation or intuition, and the same is processed by thinking or feeling. Individuals gather data either through processing the facts and details in the environment in a very methodical fashion – sensation types – or through global visualization of what the sense depicts – intuition types. The sensation type administrators depend on a lot of information to assess the situation. They are pragmatic and down to earth, and concentrate on the present time. The intuitive type, on the other hand, rely on hunches and non-verbal cues, and he simultaneously considers several alternatives and quickly discards the non-viable ones, he is very imaginative, and is more futuristically oriented. Administrators evaluate and make judgments either in an impersonal and objective fashion – the thinking types – or in a more personal and subjective manner – the feeling types. The thinking type administrators make systematic enquiries, are unemotional, and highly analytical and rational in making decisions. The feeling type administrators place more reliance on human feelings and emotions, are very empathic, sentimental, and try to read between the lines while evaluating situations. The thinking type administrators feel comfortable when logic and good analysis are the bases of decision-making, and are generally unemotional and not very sensitive to the feelings of others. Feeling type administrators enjoy pleasing others, dislike telling people unpleasant things and heavily emphasize the human aspects of dealing with organizational matters.
2.6 CONFLICT HANDLING SKILLS

The ability to handle conflicts is undoubtedly one of the most important interpersonal skills an administrator needs. The term conflict refers to perceived incompatible differences resulting in some form of interference or opposition. Whether the differences are real or not is irrelevant. Traditional view on conflict is that conflicts are bad and must be avoided, but human relations views on conflicts consider them a natural and inevitable outcome in any organization.

Most recently, the interactionist view on conflicts proposes that not only conflicts can be a positive force, but also some conflicts are absolutely necessary for an organization to perform effectively. Hence an administrator should promote and encourage functional conflicts, and should manage and handle dysfunctional conflicts. Understanding and implementation of conflict resolution tools largely depends upon the possession of relevant skills by an administrator.

Generally an administrator has five conflict handling options i.e. avoidance, accommodation, forcing, compromise, and collaboration. All the conflicts do not require assertive action rather sometimes conflicts also need to be avoided in a situation when it is rival, and emotions are running high and time is needed for conflicting parties to cool down.

2.7 THE IMPACT OF ORGANIZATIONAL CLIMATE ON PERFORMANCE OF A FIRM

A firm's organizational climate is its degree of trust, morale, conflict, rewards, equity, leader credibility and resistance to change as seen by the individuals. All these factors helps in determination of the success of the firm.

According to (Glick, 1985; James& Jones, 1974; Tagiuri & Litwin, 1968), The study of organizational climate has a long and important history
in the organizational sciences though there is often confusion about the difference between culture and climate. Denison, 1996; James & Jones, 974 Schneider 1990. Huselid (1995), Delaney and Huselid (1996), and Ostroff and Bowen (2000), among others, propose that climate is a mediating link between human resource management and performance. Climate ultimately means psychological climate, and rules have been developed to codify that consensus. In the context of climate, it was originally applied to the study of the public sector (Zammuto & Krakower, 1991).

Organizational Climate has been defined as the "relatively enduring quality of the internal environment of an organization that a) is experienced by its members, b) influences their behavior, and c) can be described in terms of the values of a particular set of characteristics (or attitudes) of the organization" (Tagiuri & Litwin, 1968, p. 27).

Organizational climate has been measured in many different ways, using variables such as individual autonomy, the degree of structure imposed on positions, reward orientation, consideration, warmth, and support. It is a psychological measure of the organization, not a characteristic of the individuals in an organization, even though it can only be assessed by individual polling. Organizational climate should be thought of and measured "at the organizational level of analysis" (Glick, 1985, p.607).

Organizational climate was measured along the following dimensions: Structure, Responsibility, Warmth, Support, Reward, Conflict, Standards, Identity, and Risk. Measures of organizational climate and organizational culture can be confused and confounded (Denison, 1996; Schneider, 1990). A potential solution to this issue is provided by Koys and DeCotiis (1991, p. 266), who define psychological climate as "an experimental based, multidimensional, and enduring perceptional phenomenon that is widely shared by the members of a given organizational unit. "That is, the climate is the description of experience not the evaluation of experience."
The business environment conditions are likely to witness increasing volatility in the coming years and to balance the local and global challenges, the economies are relying more and more on the service sector. Even the fastest growing segment of the US economy and other developed nations are dominated by services.

Tziner in 1987 investigated the relationship between (1) preferred and perceived organizational climate perceptions and their self-calculated discrepancy measure congruency and (2) workers attitudes and behavior at work (job satisfaction, organizational commitment, and work performance). 400 employees from a large industrial company were sampled using a cluster sampling method. Results demonstrate that perceived and preferred achievement climates (both alone and together) made, the major contributions to the prediction of the workers attitudes and behavior at work. Their congruency, as operationalized via a self-calculated discrepancy measure, also adds unique value to the relationship.

Nice and Stecle in 1988 defined aggregate organizational climate in which the Navy shipboard Independent Duty Hospital corpsman functions and identified determinants and outcomes of the climates. 356 Independent Duty Corpsman were surveyed regarding job satisfaction, performance, interest to reenlist, and organizational climate. Analysis revealed three general collective climate profiles, Facilitative, constrained, and impoverished. Modest significant associations were found between background/operational factors (e.g., pay grade, deployment status, fleet, and ship type (Surface vs. Submarine)) and climate. Stronger positive associations were found between facilitative climate perceptions and organizational relevant outcomes. (E.g. Job satisfaction).

Baltis in 1980 examined the prediction of job related attitudes from organizational climate dimensions. Subjects were 11 supermarket department managers who returned a unanimous questionnaire that tapped
perceptions of the organizational environment (i.e., climate) along 11 dimensions and also contained measures of job satisfaction propensity to leave and job related anxiety.

Dimensions of organizational clarity emerged as the most significant predictor for each of the three outcome variables, in the area of role ambiguity, the dimension of performance, reward dependence, contributed significantly to the prediction of job satisfaction and prosperity to leave but not to the prediction of job related anxiety. This is consistent with theories linking dissatisfaction and turnover with unsatisfactory reward systems.

Pritchand and Karasick in 1973 observed that organizational climate is fairly strongly related to sub-unit performance and job satisfaction. Supporting this Downey, Hellreigel and Slocum in 1975 offered experimental evidence to show that organizational climate interacts with individual personality to influence performance and job satisfaction. Joyce & Slocum in 1982 examined the performance and satisfaction correlates of discrepancies between 178 foreman who were 40 years old. In an average psychological climates and the multiple aggregate organization climate present in their work settings.

Climate discrepancy was the better predictor of work satisfaction (as measured by job satisfaction Index), whereas membership in aggregate organization climate was the better predictor of job performance. Forehand & Glimer(1964), Kaczka & Kir.k.(1987), Litwin & Stringer(1968), Golembiewaki, Etal(1971) and Frederiksen(1966), among others have found that different organization climates can affect the performance, leadership style and job satisfaction of managers.

The study reported by Waters, Roach & Balths(1974) an organizational climate and work related attitudes considered job involvement as one of the attitudes. They found positive relationship between job involvement and
work autonomy, Espirit, thrust, consideration and many other aspects of climate. Thus organization climate aspects have been considered as an important condition affecting emerging work related attitudes.

In the Indian economy today the domination of the sector can be testified from the fact that its contribution to our national income is more than half. Service is the fastest growing sector witnessing growth. In such a situation of precariousness, gaining competitive advantage and professional excellence will be the major guiding forces in all type of organizations including the services sector.

2.8 THE RELATIONSHIP BETWEEN ORGANIZATIONAL CLIMATE AND ORGANIZATIONAL CULTURE.

Organizational climate and culture have got considerable importance in industrial and organizational psychology during these days. Castetter & Young perceive culture as a set of interrelated behaviours, values, norms, expectations and ideas shared by organizational members.

Barth believes that culture is a pattern of norms, attitudes, beliefs, behaviour, values and ceremonies. Robbins describes culture as a system of beliefs about the organization shared by its members that distinguishes it from the other organizations. In essence, culture basically deals with people shared beliefs, which unite members together, reflects the patterns of doing things in an organization and gives it a distinct identity.

Organizational climate research arose from a confluence of field theory studied on individual-level phenomenon in 1930s whereas organizational culture is assumed to rise in late 1970s focusing on observation and qualitative studies based on group-level conceptualization. It is hard to find agreement among the researchers whether both constructs are interchangeable, parallel, or complementary. Nevertheless, different
intellectual heritage in the disciplines of psychology, sociology, and social anthropology ensure their different theoretical, epistemological, and methodological biases are still sharply visible (Pettigrew, 2000).

Strength of culture research is the complete specification of such deep psychological attributes as values and belief system to understand behavior in the workplace. Climate research, in turn, is still promising because of strategic focus on identifiable organizational imperatives (e.g., safety, service, innovation) and statistical documentation of degree to which climate is shared by organizational members. Both constructs seem to be overlapping yet distinguishable in the psychological life of organization (Schneider, 2000). Culture and climate are sometimes used interchangeably. Even though the two concepts are similar in some aspects, yet there are some distinct differences.

Mayo’s 2001 study suggests that standards, values beliefs and emergent interactions in the workplace are very significant because they clarify the nature and function and effect of the informal organizational performance. That is, the ways of doing things and what the organization holds important affect the behavior of people working in the organization and consequently productivity. In this regard.

Selznicks view organizations as institution that form the basis for analysis of organizations as cultures. Moorhead and Griffin distinguish between climate and culture. In their view, much of the study on climate and culture is based on psychology which the study of culture is in anthropology and sociology. Katz and Kahn (1996) say that the climate in an organization reflects the type of people who compose the organization, the work processes, means of communication and the exercise of authority within the individual organization.
According to Anderson & West, 1998 there are two different notions, the cognitive schema approach and the shared perceptions approach, are still evident in climate research. Climate attempts to uncover individuals' sense-making of their work environment in cognitive schema approach whereas climate refers the shared perception of the way things are around there in shared perception approach.

Both approaches are not mutually exclusive but they are compatible. Nevertheless, shared perception approach has received substantial patronage among social scientists in recent years. Most of the researchers followed the organization as the level of analysis but proximal work group level of analysis is growing popularity with advent of the team management approach.

In the recent years, some researchers followed facet specific operationalization (e.g., Anderson & West, 1994; Schneider & Reicher, 1983) of such climate constructs as team climate for innovation or team climate for safety whereas others (e.g., Guion, 1973; Payne, 1990) are following a more generalized operationalization as organizational climate or team climate. West in 1990 proposed a four-factor (vision, participative safety, task orientation, and support for innovation) model of work group innovation to predict innovation in organization deriving theoretical assumptions from earlier available works. Vision comprises importance, clarity, attainability, and sharedness of goals. Participative safety means interaction between team members in a participative and interpersonally non-threatening climate.

Task orientation is a shared concern with excellence of quality of task performance. Support for innovation is approval and practical support in improving work environment (cf. Anderson & West, 1998).

A field study of team climate for innovation among Nepalese subjects has been found to be useful to examine its factor structure in Nepalese context. Organizational commitment was found to be stable in Nepalese
context (Gautam, van Dick, & Wagner, 2001). Thus, it was fruitful to check whether team climate can predict commitment in Nepalese environment.

2.9 THE RELATIONSHIP BETWEEN ORGANIZATIONAL COMMITMENT AND ORGANIZATIONAL CLIMATE

According to (Falcione & Wilson 1988) The literature on organizational socialization indicates both organizational climate and organizational commitment as outcomes of socialization processes “Socialization appears to play an influential role in the degree to which the employee is committed to the job and the organization”. At the same time, Jablin in 1988 found that the perceptions of the climate of an organization by new employees were “strongly influenced by their initial encounters in the organization”.

Socialization processes serve a very useful and critical function in acclimatizing new employees to the organization in which they may spend a great deal of time. The chain of outcomes or consequences continues because we can also ask whether strongly committed employees differ from employees with weak commitment, especially in terms of turnover, attendance, and job performance. In parallel fashion, we can also inquire whether the climate of an organization fosters the commitment of employees to the organization, their performance, and attendance to their duties. In fact, in an analysis of the interests and values of the investors, workers, and consumers of International Business Machines (IBM), Cushman, King, and Smith in 1988 asserted that “workers who find employment at IBM like their company so much that fewer than 1 percent leave by choice each year”. They also observed, “IBM’s corporate performance as guided by its values and goals appears to create a very positive work climate. This apparent coupling of commitment to the organization and the climate of the organization raises an impelling question concerning the extent to which organizational commitment and organizational climate are theoretically and
practically related. Both commitment and climate may be thought of as states linking employees to the organizations in which they work.

2.9.A. ORGANIZATIONAL COMMITMENT

Organizational commitment has been defined as an individual’s dedication and loyalty to an organization (Cohen & Kirchmeyer, 1995; Meyer & Allen, 1997). It is viewed as an important variable in facilitating and understanding of an employee’s workplace behavior (Bateman & Strasser, 1984). Researchers have discovered that commitment positively influences various organizational outcomes such as employee motivation (Naquin & Holton, 2002) and performance (Kontoghtorghes & Bryant, 2001), tenure on the job (reduced turnover and absenteeism), and accomplishment of organizational goals (Meyer & Allen, 1997; Pratt & Rosa, 2003).

2.9.B. ORGANIZATIONAL CLIMATE

Organizational climate may be defined as “members’ collective perceptions about their organization with respect to such dimensions as autonomy, trust, cohesiveness, support, recognition, innovation and fairness” (Moran & Volkwein, 1992, 1991; De Witte & De Cock, 1986; James & Jones, 1974).

Researchers investigating organizational climate have reached a consensus that organizational climate is a psychological, multidimensional, complex phenomenon that has an effect on learning, performance, turnover, absenteeism, and tenure (Likert, 1967).

Researchers have suggested that autonomy, cohesiveness and organizational climate variables relate positively to organizational commitment. (Wallace, Hunt, & Richards, 1996) (Benson, 1996). Further, Steers in 1977 found a relationship between the autonomy and trust
dimensions of organizational climate, and commitment. According to Loiu (1995), trust is also associated with other organizational activities such as organizational change and development (Golembiewski, 1986) and organizational effectiveness (Culbert & McDonough, 1986).

Fink in 1992 discovered that organizational climate tended to be positively related to employee commitment of the organization. For example, in his study, organizational climate was positive when organizational commitment was high. His empirical study about work commitment in two U.S. manufacturing companies corroborated Herman’s (1991) qualitative doctoral study of company spirit, where organizational climate was broadly defined as “the feel of the workplace”. Iverson, McLeod, and Erwin in 1995 conducted a study in a public hospital where they found “that organizational commitment and trust appeared to be significant determinants of organizational performance”

The relationship between organizational commitment and organizational climate indicates that it is the employees’ interactions with their fellow co-workers (climate variables) that strongly influence organizational commitment. In the case of workers in the Australian manufacturing industry, the power Organizational Commitment and Organizational distance between supervisors, foremen, leading hands, and employees is not that great, leading to close personal relationships called “mateship.” If supervisors create workplace relationships with their subordinates that lead to a strong organizational climate, there should be an increase in commitment.

The positive correlation between measures of organizational commitment and organizational climate showed that organizational climate was significantly and positively related to organizational commitment in an Australian manufacturing environment.
Knowing that this type of relationship exists between organizational commitment and organizational climate may allow managers and human resource development professionals to find ways to potentially reduce absenteeism and turnover, and minimize other negative aspects of the workplace. They can look at both climate and commitment variables to identify targets for improvement.

A close, positive relationship between organizational climate and organizational commitment implies a few very important principles for human resource development. First, the climate of an organization is a result of the way in which workers perceive certain elements of the organization (Pace, 2002). Negative perceptions of work conditions, supervision, compensation, advancement, relationships with colleagues, organization rules, decision-making practices, and available resources tell us that workers are living useless, uninspired, meaningless existences. As a result, the organization may become abhorrent to workers. The climate in an organization affects both the workers’ physical exertion of their bodies and the mental exertion of their minds. Guzley in 1992 discovered that a willingness to exert considerable effort on behalf of the organization was one aspect of organization commitment.

Effort tended to be related to those employees who had a sense of control over their job situations and were committed to the organization the more control, the more effort employees exerted. A positive organizational climate encourages commitment to the organization. Thus, HRD professionals do all they can to help create positive employee perceptions, since those positive perceptions are the heart of the organization’s climate and employee commitment.

The HRD professionals are also aware of ways to measure the climate generated by employee perceptions. They gain information from measures of climate from the point of view of workers, and look closely at what workers
consider to be major constraints to developing positive perceptions of aspects of the organization.

The HRD specialists prepare the top management to act on the information. They prepare plans to tackle the negative perceptions that lead to an unhealthy climate. The climate of an organization may be more easily and more directly influenced than employee commitment. Climate can be influenced by changes in organizational practices that in turn have an effect on commitment. The strong correlation between climate and commitment appears to make changes in climate in organizations.

One way to develop organizational climate and concomitantly, commitment is for managers to identify the many constraints, such as time limitations, in which task issues take priority over relationship issues and devise ways to remove those constraints.

Sorcher and Meyer (1968) suggest that training activities may help an employee identify more with the organization. When employees participate in any training activities, they are likely to be more positive about an organization’s climate and have their commitment to the organization enhanced. Training activities could be used by supervisors to create a positive organizational climate. Organizational climate is situational and subject to being manipulated by individuals in power (Denison, 1996).

Using organizational climate as a management tool could enhance organizational commitment. It could be surmised, then, that the organization’s commitment to its employees influences employees’ commitment to the organization. One way to foster employees’ commitment and involvement in the organization would be for leadership to actively demonstrate their commitment to the employees through training, visibility, and accessibility (Smith, 1999). This is in line with the comments of Elsey (1997), who states that organizations, in order to survive, should be
responsive to their environment and emphasize commitment to the development of their workforce.

Organizations might benefit from a review of their existing human resource development policies, for it is evident that training should be implemented at the lower organizational levels, rather than at higher management levels.

For training outcomes to be effective, they need to be accessible to the masses, that is, closest to the worker at the supervisory level. HRD professionals, as well as supervisors, foremen, and leading hands, have long been overlooked in their pivotal roles in the development of positive organizational perceptions and the commitment of employees to the organization.

Individual’s knowledge does not transform easily into organizational knowledge even with the implementation of knowledge repositories, rather individuals tend to hoard knowledge for various reasons.

2.10 ORGANIZATIONAL CLIMATE AND EMPLOYEE HEALTH

(The Icfai Journal of 6©2 2008 The Icfai University Press all Rights Reserved. Organizational Behavior, Vol. VII, No. 1, 2008) Studies the relationship between the organizational climate and employee health. Six motives of organizational climate and two employee health dimensions (physical and emotional distress) were measured on 69 employees in private companies, using MAO-C and Cornel Medical Index Health Questionnaire. Correlational analysis between climate motives and employee health dimensions has revealed that dependency climate and emotional Distress are positively correlated.
Organizational climate can be defined as the perceived attributes of an organization and its subsystems, as reflected in the way an organization deals with its members, groups and issues (Pareek, 2006). Organizational climate depends on the perception of the organizational members about various dimensions of the organization (Srivastav, 2005).

Health (physical or mental) can influence individual perception and therefore the organizational climate. Organizational climate influences the motivation and behavior of the members of the organization (Srivastav, 2006).

The functional climate (achievement, expert influence and extension) leads to reduction of stress experienced while performing an organizational role and hence it promotes physical and mental employee health. (Srivastav, 2006). The reverse is true for dysfunctional climate (control, dependency and affiliation). Relationship between organizational climate and employee health (physical or mental) is therefore logical to understand. Today’s competition is driving employees to work harder; they are facing tremendous pressure. Maintenance of physical and mental health is essential for consistently delivering higher order performance in the work-place. Companies’ HR departments are therefore required to provide and nurture conducive organizational climate.

Motivational Analysis of Organizations - Climate (MAO-C) (Pareek, 2006) is suitable for measurement of organization climate as perceived by employees from motivational view-point. MAO-C has 12 dimensions and six motives. Twelve dimensions of MAO-C are as follows: (i) Orientation; (ii) Interpersonal Relationship; (iii) Supervision; (iv) Problem Management; (v) Management of Mistakes; (vi) Conflict Management; (vii) Communication; (viii) Decision Making; (ix) Trust; (x) Management of Rewards; (xi) Risk Taking; and (xii) Innovation and Change.
Six motives of MAO-C are explained like this: The first three motives Achievement, Expert influence and Extension are functional and the next three Control, Dependency and Affiliation are dysfunctional for organizations.

i) Achievement: Emphasizes setting of challenging goals and achieving them with quality and excellence.

ii) Expert Influence: Denotes reaping benefits for the organization through the use of expertise.

iii) Extension: Represents an urge to be relevant, high concern for others and being useful to the larger groups and the society.

iv) Control: Refers to emphasis on orderliness, staying in control and monitoring.

v) Dependency: Characterized by excessive dependence on others.

vi) Affiliation: Signifies concern for friendly and personal relationships

Functional organization climate (achievement, expert influence, extension) leads to reduction of physical, emotional and total distress. Dysfunctional organization climate (control, dependency, affiliation) leads to increase in physical, emotional and total distress.

2.11 FUNCTIONS OF PUBLIC AND PRIVATE MANAGER:

Does the difference really matter?

The distinction between the "private" and "public" sector manager operates at a common sense level of consciousness and serves as a basic reference point in everyday life (Bailey 2002). The distinction has been said to be one of the "grand dichotomies" of Western thought: public and private denote separate areas of human activity - distinct 'realms', 'spheres', or 'spaces' (Seligman1999, Weintraub 1997, Arendt 1956). The boundary problem of public and private management derives heavily from the dualistic ontology (cf. Cartesian worldview). We argue that this boundary problem is
taken for granted theoretically and methodologically in many comparative studies. Unexpectedly, it leads us to paradoxical empirical results: the more we find similarities between public and private organizations, the more we find differences between them as well.

Therefore, there is reason to believe that methodologies of public and private management as well as services are based on a very pernicious dualistic approach in continuously pluralistic world of hybrid organizations. Undeniably the dualism is also embedded in hypotheses to be tested in comparative studies. Appropriately, the interpretation of results are following the idea of "either /or" logic.

For example, an item used in a recent study posed the following distinction: "Private sector managers are more apt to support budget decisions made with analysis "(Nutt 2005). If participants (e.g. managers) of comparative studies are asked to evaluate their own behaviour in their sector context there is always risk that they construct the reality based on a prior views of public sphere rather than action in a specific managerial context in general (cf. Vuori & Kingsley 1999, Kingsley & Vuori 2000, Rainey & Bozeman 2000). Those a prior views are quite often based upon arguable differences between the sectors such as the following:

(i) The public sector faces more complex and ambiguous tasks; the public sector employs more people with wider range of motivations etc. (Parsons 1995); the public sector has more problems in implementing its decisions.

(ii) Public sector managers have less capacity to reward employees than do their private sector counterparts.

In most studies there is little evidence that the participants have sufficient knowledge of real public-private differences. Consequently, socio-cultural distortions may manifest themselves in a self-fulfilling prophecy: if a manager of public service believes that he will not receive any response to
his/her needs, he may believe that this is actually the case (Vuori 1996. Vuori & Kingsley 1999). Many economists and political scientists can treat this distinction between public and private organizations as a truism as noted by Rainey and Bozeman (2000). However, when such truisms are tested little support is found. For example, in most empirical comparisons of public-private manager’s perceptions regarding the ambiguity of goals little difference exist across sectors in spite of an abundance of literature claiming that public managers operate in a more ambiguous goal environment. Seemingly, we are trying to find some evidence for dualism in the context of pluralistic organizational forms and adhoc behaviour of managers (cf. Mintzberg 1975).

Solomon in 1986 has attempted to study, which compared job characteristics and organizational climate in the private and public sectors. Perceptions and satisfaction of 240 top managers from a variety of private and public organizations in Israel were compared. The hypotheses tested were that a) Performance based rewards and b) policies that promote efficiency would be significantly more relevant in private sector organizations c) that higher levels of satisfaction would be expressed by managers in private sector.

Two way analysis of variance, private versus public and production versus service organizations were performed. Results yielded significant main effects for sector of ownership and provided strong support for the three hypotheses of the research. Interaction effects in specific scales were also in the hypothesized direction, revealing that the private public sector differences are further amplified in service organizations.

2.11.a. DEBUNKING STEREOTYPES: THE COMPLEX BEHAVIOR OF PUBLIC AND PRIVATE MANAGERS

Concepts that address the dimensions of public and private sectors have not been interesting in to mainstream management journals (Bozeman
Rather managements journals oriented towards business schools do not see sector differences as a meaningful construct.

In contrast, the public administration and public management literatures have engaged in many comparative studies focusing on the environments that shape organizations structures and formalism (Bozeman, 1987) as well as stereotypes, performance and motivation of managers in both sectors (Rinehart et al 1969, Rainey 1979, Perry & Porter 1982, Solomon 1986 Steel & Lovrich 1987, Steel & Warner 1990, Houston 2000, 2006).

Whether academic studies deny the relevance of sector differences (the management journal model) or embrace it as a primary topic of study (public administration journal model), both perspectives tend to obfuscate the behaviours of managers operating in a hybrid world somewhere between these sector archetypes.

The position of macro-level (e.g. allocating resources) and micro-level (effective behaviour of public manager) phenomena causes superficial analysis of effective management itself. Therefore public managers are almost condemned to live in the frame of limited budgets, forced to be great savers of tax-payers' money, but not efficient at allocating these resources. It follows that we have a good reason to believe that organisations will always vary on the basis of public/private actions and spaces.

The real problem here is that the actions of public or private manager are explained through the public and private spaces. In other words, public managers are not allowed to get things done, because their actions are determined in a frame of public spaces. In a frame of the logic of bad/good services it is easy to say that private firms can conduct the work efficiently and save taxpayers' money.
However, achieving responsive and flexible behavior may involve more issues of management and leadership, not ownership. In order to debunk stereotypes of public and private managers we should ask more frequently following self-reflective questions:

(i) How is it possible that one can observe managers educated in the schools of economics and business engaging more bureaucratic in their behaviour than their counterparts from public management schools?
(ii) Why do we continue to try to privatize service that the public sector can still do?

These questions lead us to the action/space model of public and private management and following questions arise:

1. Why do we believe that citizens have in their minds certain logic of public and private services in a frame of bad and good?
2. Can we overcome the logic of either/or in public and private management?
3. Will adoption of both/and logic impact on our methodological assumptions about public and private management?

2.11.b. THE ACTION/SPACE MODEL OF PUBLIC-PRIVATE MANAGEMENT

Steinberger (1999) paves a new path for the dualistic problem of public-private (also Weintraub 1997). He claims that it would be perhaps better to think of public and private as denoting not primarily separate realms of endeavour but different ways of being in the world, a different ‘manner of acting’. His idea stems from the ideas of Hannah Arendt, but make sense in a frame of comparing public and private organizations. He argues that the adverbial language of activity reflects more accurately our underlying intuitions about public and private than the prepositional language of areas or regions. In other words, to act in a private manner is different in character from acting in a public manner as in many cases it is easy to see public
organisations as providers for private acts, but not acting ‘privately’ themselves.

However, Vigoda-Gadot (2007) supports the logic of both, because the linkage between bureaucracy and democracy based on citizens’ best judgements of the processes in public administration should be both ethical, fair, professional and equitable, but at the same time effective, efficient and smoothly functioning.

<table>
<thead>
<tr>
<th>Private Action</th>
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<tbody>
<tr>
<td>Private Space A</td>
<td>Public Space B</td>
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<tr>
<td>Public Action C</td>
<td>Public Action D</td>
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In the above figure quadrants A, B, C and D refers to the different combinations of public and private managers’ behavior. Quadrant A is "private action/private space". Basically the stereotype of private management derives from the behavior in this quadrant. Managers can be efficient in their actions and they are able to work in a profit seeking context without any political dimensions in their behaviors (e.g. head of production plant). Historically the industrial managers belong to this quadrant. However, in western societies the amount of these managers have been decreasing. The stereotype of the manager is perhaps alive only in developing countries.

Quadrant B is private action/public space. Here the industrial manager has turned out to be more complex in their behaviour because they are supposed to be more concerned about the law, corruption and environments. There are many private organizations that are pursuing public interests
through voluntary organizations, interest groups, and philanthropy. The more the public space limits the private actions of managers the less technically efficient they will be and the more they are forced to perform on the basis of law and stakeholders interests in general. In this case "the more you measure the less you get" because increasing outputs in reaction to the demands of the public space does not necessarily serve the stakeholders interest. The number of managers operating in this type of environment has been increasing with the advent of new hybrid forms of organizing.

Quadrant C is "public action/private space". Most public managers are located in this quadrant in western societies stemming from the impact of privatization and the adoption of norms advocated under the "new public management movement". The organizations in this quadrant are open-systems. Therefore, public managers are here always between a rock and a hard place trying to decide whether to define their behaviour from their own actions or professional judgments or the limits of private spaces (e.g. privatizations, contracting-out etc.) If they become aware of the logic of either/or they can attempt to engage in contracts with private managers in quadrant B and avoid the traps of limited budgets.

Quadrant D is "public action/public space". If quadrant A is traditional stereotype of private manager, this is an archetype of public manager. The pure description of public managers in this quadrant is very hard to find any more. Even activities popularly conceived of as inherently governmental functions such as judicial systems or security services operate in and try to achieve the best of both public and private worlds. Public managers are adopting in many cases the idea performance management and using standards akin to private action.

When attempting to understand the problem of public private differences it is useful to be aware of the fact that in many cases it is very
unclear where the preferences of political decisions stem from. The logic of “either/or” decisions seems to be the logic of bad /good service. However, the comparisons of public and private services do not support the logic.

Obviously, we will have more hybrid organizations in the future than we are willing to admit. For example, the innovations of e-government will guide us toward the paths of greater accessibility of information and may even yet prove a conduit for citizen and customer feedback. The trend of public and private partnerships, contracting-out, tendering process etc. can be described as new forms of organizing. But on the other hand, they also generate the need for greater coordination that, if not addressed, can be manifested in organizational and managerial crises. These forms will continue to create new managerial challenges that both public and private managers have to face with a new competence and skills. Especially they need to treat public decisions on privatization as an “either/or” decision. This suggests a need for developing stronger management strategies for the third sector between the state and the private sector: foundations, charities and civil society. This is going to be a huge challenge for all ageing societies, because quadrants A and D do not have the capacity to take care of the citizens any more.
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