CHAPTER – 1

Introduction
## CHAPTER 1

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INTRODUCTION

1.1 Introduction

Now a days organizations are facing major challenges in terms of intense competition, workforce diversity, cross-cultural interactions, employee retention, innovation and productivity, changing consumer preferences and dynamic government policies. The need of the hour is creating teams and fostering high level of competencies among them while maintaining high spirit of achievement. Hence, the study of organizational climate as a causal factor of effectiveness has gained prominence.

According to Forehand and Gilmer\textsuperscript{1}, organizational climate is “A set of characteristics that (a) describes the organization and distinguishes it from other organizations (b) are rarely enduring over time and (c) influences the behavior of people in the organization”. Tagiuri and Litwin\textsuperscript{2} defined organizational climate as “Relatively enduring quality of the internal environment that is experienced by its members, influences their behavior, and can be described in terms of the values of a particular set of characteristics of the organization”.

Organizational climate is nothing but environment and atmosphere, which consists of a mixture of norms, values, expectations, policies and procedures that influence work motivation, commitment and ultimately, individual and work unit performance. Positive climate encourages, while negative climates inhibits
discretionary effort. Organizational climate refers to the quality of working environment, where if people feel that they are valued and respected, they are sure to contribute positively to the growth of the business. Creating a healthy organizational climate needs a number of factors which influence employee’s perceptions, including the quality of leadership, the way in which decisions are made and whether the efforts of employees are recognized. In fact “Climate may be thought of as the perceptions of the characteristics of an organization”.

Climate for an organization is more or less like the personality of a person. Every individual has his own personality that makes each person unique; similarly each organization has an environment that clearly distinguishes from other organizations. So every organization is different and has a unique feeling and character beyond its structural characteristics, which deals with its member in a distinct way through its policies such as allocation of resources, communication pattern, reward and penalty, leadership and decision making style etc. Apart from all these and a cluster of other related activities influence the feelings, attitudes and behavior of its members and results in the creation of the unique organizational climate.

The content of organizational climate has varied widely and they include almost all the important aspects of organizations. So it has been pointed out that the contents of the climate constructed by various researches overlap with many other major concepts. Such
overlaps seem to have promoted the researchers to raise the question how the concept of climate is different from one another.

1.2 Impact of Organizational Climate

Individual motivation and job satisfaction influence human performance which reflects in the organizational climate. It does this by carrying certain kinds of expectancies about what consequences will follow from different actions. Individuals in any organization have certain expectations and fulfillment of these expectations depend upon their perception and how the climate suits to the satisfaction of their needs. Thus organizational climate provides a type of work environment in which individuals feel satisfied or dissatisfied. Organizational climate can be said to be directly related to the performance of an individual in the organization, as satisfaction determines his efficiency.

1.2.1 Motivation, Productivity and Job Satisfaction

Employees expect certain rewards and are awarded some penalties which result in either satisfaction or frustration based on the organizational climate and their expectations tend to lead to motivation as said in expectancy theory. So the climate of an organization can have a major influence on motivation, productivity and job satisfaction. Hence, climate determines the action and it creates few expectations as to consequences.
1.2.2 Contingency Relationship

There is a contingency relationship among the employees in the organization. The climate of an organization depends upon the type of employees based on their education and skills such as knowledge workers or technical workers. For example, research institutes certainly want a climate different from that of a workshop or an office.

1.2.3 Social System

The social system of a work-group reflects the entire organizational climate. It is clearly a system concept where the two important aspects such as workplace and personal treatment. When employees feel satisfied at work and the climate provides a sense of personal worth, it can be assumed that the organization is favorable. Employees expect the management to feel and take care of their needs and problems. If these two are favorable, a healthy climate prevails, which is necessary for the development of organization. A pleasant climate attracts the robust and the efficient, who contribute to the productivity of the organization.

1.3 Dimensions of Organizational Climate

There is yet no agreement about a common set of dimensions of Organizational Climate despite general agreement over the definition of the concept and even after two decades of considerable effort of research.
Richard M. Hodgetts (1991) classified organizational climate into two major categories. He has given an analogy with an iceberg which can be seen from the surface and has the other part under water invisible. The structure of hierarchy, goals and objectives of the organization, performance standards and evaluations, technological state of the operations and so on comprise the visible part that can be observed or measured. The second category contains factors that are not visible and quantifiable and includes such subjective areas as supportiveness, employee’s feelings and attitudes, values, morale, personal and social interaction with peers, subordinates and superiors and a sense of satisfaction with his/her job. Both of these categories are shown below termed as Overt factors and Covert factors:

1.4 Features of Organizational Climate

- Characteristics of an organization that describes and distinguishes it.
- An atmosphere.
- A normative structure of attitudes and behavioral standards.
- Behavior of people, employee job satisfaction and organizational goal achievement.
- Characterization of personalities.
- Result of interactions among task, technology, structure, people and power variables of the organization which produce a culture and process.

### 1.5 Factors in Organizational Climate

Researchers have used data relating to individual perception of organizational properties in identifying organizational climate. Even in this context, there is a great amount of diversity. G.H. Litwin et al. (1968) identified the following dimensions of organizational climate.

**Structure:** The feeling that employees have about the constraints in the groups; how many rules, regulations, procedures there are; emphasis on red-tap and going through channels.

**Responsibility:** The feeling of being one’s own boss; not having two double-check on your decisions; when there is a job to do, knowing that it is your job.

**Reward:** The feeling of being rewarded for a job well done; emphasizing positive rewards rather than punishments; the perceived fairness of the pay and promotion policy.
**Risk:** The sense of risk and challenge in the job and in the organization; is there an emphasis on taking calculated risks or is “playing it safe” the best way to operate.

**Warmth:** The feeling of general good fellowship that prevails in the work group atmosphere; the emphasis of being well-liked; the prevalence of friendly and informal social groups.

**Support:** The perceived helpfulness of the managers and other employees in the group; emphasis on mutual help from above and below.

**Standards:** The perceived importance of implicit and explicit goals and performance standards; the emphasis on doing a good job; the challenge represented in personal and group goals.

**Conflict:** The feeling that managers and workers want to hear different opinions; the emphasis placed on problems out in the open, rather than smoothing them over or ignoring them.

**Identity:** The feeling that you belong to a company and you are a valuable member of a working team; the importance of place on this kind of spirit.

**1.6 Levels of Climate**

The definitions of climate by various researchers develop the idea that climate exists at three different levels. James and Jones (1974) differentiate between organizational climate and psychological climate, with the former term being recommended when climate is
regarded as an organizational attribute and the latter when climate is considered to be an individual attribute. Psychological climate is therefore studied at the individual level of analysis, referring to individuals' descriptions of the organization's policies and processes, while organizational climate is measured by means of the average perceptions of organizational members, referring to a collective description of the same environment (Joyce & Slocum, 1982).

Hellriegel and Slocum (1974) propose a group or subsystem climate and state that climate refers to a set of attributes that is perceived about an organization or its subsystems and that may be deduced from the way the organization or subsystem deals with its members and the environment. On the basis of this analysis, Field and Abelson (1982) postulate that climate has evolved from being considered solely an organizational attribute to an attribute that may be subsystem specific (group or individual). According to these authors, the distinguishing mark of climate, regardless of the level of analysis, is that it has enduring qualities, which can be measured, and influences the behavior of organizational members.

1.7 Organizational Climate Motives

There are three functional climate motives and three dysfunctional climate motives as explained below:

(i) **Achievement**: Focusing on attainment of goals with quality and excellence.

(ii) **Expert Influence**: Focusing on utilization of expertise to enhance organizational performance.
(iii) **Extension**: Heightened concern for making oneself relevant to others in the team/group/organization.

(iv) **Control**: Emphasis on consolidation of personal power in the organization.

(v) **Dependency**: Emphasis on seeking approval from others, instead of taking one’s own decisions.

(vi) **Affiliation**: Heightened concern for maintaining friendly and affectionate personal relationships, even when they come in the way of attainment of goals.