



A STUDY ON ORGANIZATIONAL CLIMATE AT NFCL

B.Madhura

Research Scholar, Dept. of Business Management, Osmania University.

Abstract

A Number of studies have been done to measure the organizational climate prevailing in the organizations. However, all these studies have mainly focused on the perceptions of individuals employees about the organizational climate. There is hardly few studies that attempts to take into account the organizational climate related variables and measure their impact on employee's performance. This study attempts to find out the underlying constructs – Factor Analysis of the organizational climate related variables, the extracted variables are used as independent variables and an attempt has been made to explore the impact of these factors on employee performance.

Key Words: Organizational Climate, Variables, Factor Analysis.

INTRODUCTION

Organizational Climate is a very popular subject for research in the domain of Industrial and Organizational Psychology. The Origin and the use of this term were found to be as old as the original concept of management itself. However, over a long period of time there appeared various frameworks, conceptual as well as operational, sets of dimensions, techniques of measurements, and research findings that are highly diverse and often contradictory. In the context of Organizational processes Climate plays the part of an intervening variable which affects the results of the operations of the Organization. The Climate has this moderating power because it influences organizational processes such as problem solving, decision making, communication, coordinating, controlling and psychological process of learning, creating motivation and commitment. Climate surveys give employees a voice to assist in making desired transitions as smooth as possible. It also serves as a basis for quality improvements. By identifying areas of inefficiency and acting on performance barriers identified by employees of all levels, an organization gains a fresh and different perspective. Survey analysis identifies areas of employee satisfaction and dissatisfaction to facilitate management in the creation of greater workplace harmony and, therefore, increased productivity.

LITERATURE REVIEW

Organizational Climate can be viewed as that which is represented by the employees' perceptions of the objective characteristics of an organization (Landy, 1989). Climate differs from the structure of an organization. Structure is the anatomy of the organization, the bare bones or the skeleton. Climate, on the other hand, is the way the employees view the personality of the organization. Muchinsky (1987) debates whether the components of Climate are actual attributes of organization or merely the perceptions of the employees working in the organization. That most researchers concur that organizations differ by climate, implies that it could be seen as an Organizational attribute. Organizational climate is a relatively enduring quality of the internal environment that is experienced by the members, influences their behavior and can described in terms of values of a particular set of characteristics of the organization (Renato Tagiuri, 1968). Organizational climate may also represent "The Organization as people sees it in a holistic, subjective sense" (Powell & Butterfield, 1978, p. 151). Stated plainly, an employee answering the question "What is it like to work here?" will offer a description of organizational climate (Baker, 1992). Finally, influencing Organizational Climate is believed to be a function of leadership (Likert, 1967). For example, researchers have revealed strong associations between organizational climate and leaders' ability to arouse motivation by appealing to human needs for achievement, affiliation, and power (Litwin & Stringer, 1968; Stringer, 2002). Fore Head and J. Gilmer (1964) defines Organizational Climate as "Set of characteristics that describe an organization and that distinguish it from other organizations that are relatively enduring over time, and influence the behavior of people in the organization". As per Moran and Volkwein (1992), Organizational Climate is defined as "A relatively enduring characteristic of an organization which distinguishes it from other organization". Climate surveys measure the perceptions and reactions to, the culture of the organization, as well as reactions to other organizational attributes, and the culture is reflected through its management style. Therefore Climate surveys measure employees' perceptions about the way they are being managed. In Summary, Climate is an important construct to be integrated into Organizational behavior systems theory. There is a great deal of research which supports the importance of Climate Studies.

KEY DEFINITIONS OF ORGANIZATIONAL CLIMATE

- i. *Forehand & J.Gilmer (1964)* defined Organization Climate as set of characteristics that describe an Organization & distinguish it from other Organization, that are relatively enduring overtime and influence the behaviors of the people

- ii. **Grojean, Resick Dickson & Smith ;(2004. p.224)** “Organization Climate refers to perceptions of organization practices and procedures that are shared among members and which provide an indication of the institutionalized normative systems that guide behavior”.
- iii. **Arabaci (2010, p.445)** elucidated OC as “The whole of the characterizing internal aspects of an organization from its peers, affecting the behavior of the members of a given Organization, & being perceived distinctly by each one of the members thereof, is closely interrelated with various factors including Organization Commitment, trust, sense of justice, alienation, exhaustion & job satisfaction”.

SIGNIFICANCE OF THE STUDY

The Importance of the concept lies in the fact that Human Motivation and Behavior can be explained with the help of Organizational Climate variable in terms of Policies, Procedures and Programmes dealing with Reward System, Welfare Schemes, Recruitment, Promotion, Decision Making, Grievance redressal and Individual responsibility together with the Leadership style and Communication practices within each Organization. Behavior adds dimension to an Organization the roles that persons play determine their behavior, one’s work environment shapes the behavior of individuals, who then function as teams to build a healthy Climate for the organization.

Likert proposed six dimensions of organizational climate leadership, motivation, communication, decision, goals and control. While Litwin and Stringer proposed seven dimensions Conformity, responsibility standards, rewards, organizational clarity, warmth, support and leadership. A Positive work climate can be described as an atmosphere where there is open problem solving, decision making, trust and sense of ownership of work goals. A review of various studies and discussions indicated that organizational climate has twelve dimensions Orientation, Interpersonal relationship, Problem Management, Management of mistakes, Conflict Management, Supervision, Communication, Decision Making, Trust, Management of rewards, Risk taking and Innovation and Change.

According to Landy & Conte (2010) characteristics of an organizational climate include Mutual trust consideration and support among different levels of organization, Open discussions to resolve conflicts and avoid any firm of confrontations among the employees and the management, Sense of loyalty and identity with the organization as a result of employees feeling valued within the organization, Specific democratic functioning with appropriate opportunities for participation, Opportunities to enhance interpersonal and career development among the employees and the entire organizational fraternity

OBJECTIVES OF THE STUDY

The Following are the Objectives of the study

1. To Examine the Factors which influence the Organizational Climate
2. To Study the Employee Perception regarding the prevailing Organizational Climate.

NEED OF THE STUDY

Organizational Climate created considerable ambiguity in the particular area. Up to a certain point of time it had been even confused with another very important concept, ‘Organizational Culture’. Cultural Climate is a background ingredient in cultures that helps people feel connected and open to change, Organizational Climate is believed to be a function of leadership as, researchers have revealed strong associations between Organizational Climate and leaders' ability to arouse motivation by appealing to human needs for achievement, affiliation, and power.

SCOPE OF THE STUDY

The Scope of the Study covers employees of all the departments in Nagarjuna Fertilizers and Chemicals Ltd in order to understand their point of view with respect to Organizational Climate.

METHODOLOGY

The Data Collection has been done through the well structured instrument; OCTAPACE (Openness, Confrontation, Trust, Autonomy, Proaction, Authenticity, and Collaboration and Experimentation) developed by Uday Pareek to measure the Organizational Climate. The Study is based on Survey method; data for the study was collected by both primary and secondary sources. Primary data was obtained mainly from the employees through questionnaires with all the 40 items of Organizational Climate and secondary data was obtained through personnel records from the departments of the organization. A simple random stratified sampling technique has been adopted to collect data from a sample size of 100 respondents covering all the employees from the organization. The Key Matrix of OCTAPACE has shown in Table – 1

Table – 1 Key Matrix - OCTAPACE

Dimension	Items
Openness	1,9,17,25,33
Confrontation	2,10,18,26,34
Trust	3,11,19,27,35
Autonomy	4,12,20,28,36
Proaction	5,13,21,29,37
Authenticity	6,14,22,30,38
Collaboration	7,15,23,31,39
Experimentation	8,16,24,32,40

LIMITATIONS OF THE STUDY

The Study has following limitations

1. The Size of the Sample is also a potential limitation on the findings of the study.
2. The Study of perceptions and the accuracy of the findings may vary slightly.

ANALYSIS AND INTERPRETATION

All the variables were to be marked in 5 point Likert type Scale of 1 to 5, with “1” representing “Not at all true” and “5” representing “Almost always true”. Besides demographic data on Age, Education, Experience and Income were also gathered. To analyze the data collected SPSS 17.0 for windows were used. The Data on 40 Organizational Climate related variables has been studied to know the importance of the factors which influences the Organizational Climate. Table – 2 presents the details of the Age, Education, Experience and Income.

Table – 2 Personal Details of the Respondents

Age Group (Years)	No. of People	Percentage
Less than 25	30	60
26 – 33	50	100
34 – 41	16	32
More than 40	4	8
Total	100	200
EDUCATION		
Non – Graduate	14	28
Graduate	20	40
Post Graduate	56	112
Above	10	20
Total	100	200
EXPERIENCE		
Fresher	16	32
2- 5	48	96
6 – 10	32	64
Above 10 Yr ‘s	2	4
Total	100	200
INCOME		
Up To 5000	36	102
5000 – 10,000	40	80
10,000 To 20,000	14	28
Above 20,000	10	20
Total	100	200

The Reliability Coefficient $r = 0.896$ (Cronbach’s Alfa) indicated that the questionnaire was highly reliable as shown in Table

Table – 3 Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.896	.906	40

Factor analytical approach has been used to examine the various dimensions of Organizational Climate. The item responses are subjected to Principal Axis Factoring method with Kaiser – Meyer – Oklin (KMO) measure of sampling adequacy (MSA) Bartlett's test of Sphericity has been computed to find out whether the sample data is fit for the application of factor analysis. After making a series of attempts for a better and acceptable solution, a factor solution found to more meaningful. Organizational Climate dimensions have been defined through Factor Analytical approach, where the factors are computed with the total explained variance accounted to 41.879 values for the current data. The application of factor analysis for the present study has been checked by Kaiser - Meyer– Oklin (KMO) measure of sampling adequacy. The test value of .646 indicates that the sample is statistically significant for factor analysis as presented in Table – 4

Table – 4 KMO and Bartlett's Test

Table – 4 KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.646
Bartlett's Test of Sphericity	Approx. Chi-Square	5536.521
	df	780
	Sig.	.000

The Value of Bartlett's test of Sphericity is $X = 5536.521$ is highly significant ($P < 0.000$), while the application of Anti image correlation matrix has been shown the low partial correlations indicating the authority of adequacy of data for factor analysis appropriately. The current data seeks to determine what if any underlying structure exists for measures on the following 40 variables utilizing the Eigen values criteria and Varimax rotation.

The First Component accounts for nearly 41.879% of the total variance in the original variables whereas the Second Component 10.601%, Third Component 7.100%, Fourth Component 5.880% and Fifth Component 4.967% and Sixth Component 3.531%, Table- 6 displays how variables were loaded into the Components after rotation. Assessment of Component loadings is necessary to name each Component. Components composed of both Negative and Positive Loadings are taken and also noted the variables with highest and lowest loadings in each component. Data Subjected to factor analysis brought out around six factors where the factors have been computed with the Total Explained variance.

Factor – 1 Openness

Question No	Loadings	Mean	St.Deviation
Encouragement	.916	4.06	.83871
Preventive action	.899	4.10	.85870
Teamwork	.868	4.08	.80000
Polite lie	.857	4.02	.99473
Genuine attempts	.821	4.20	.89893
Tactfulness	.816	3.94	.86246
Prevention	.790	4.00	.82878
Seniors Encouragement	.784	4.04	.80302
Misuse of Trust	.779	3.88	.91320
Congruity between Feelings	.774	4.04	.92025
Innovative Problem Solving	.761	3.96	.92025
Effective Managers put a lid	.715	4.00	.87617
Moral Support	.699	3.82	.86899
Appreciation	.690	3.86	1.00524
Facing not Shying	.682	4.16	.92899
Negative& Positive	.626	3.68	.86316
Interpersonal Contact	.621	3.64	.93765
Independent action	.611	3.48	.81004
Thinking	.580	4.16	.86129
Competitive Situations	.560	3.36	.91585

Interpersonal Problems	.504	3.36	.93765
Facing Challenges	.480	2.34	1.09378
Accountability	.429	1.92	.91762

Note: Eigen Value = 16.752

Percentage of Variance = 41.879%

Openness is the most important factor accounting for 41.879% of variance. Item loadings ranged from .916 to .429 there were 23 statements in this factor. The Mean Scores of responses of employees indicated the high level of spontaneous expressions of feelings and thoughts without defensiveness, receiving and giving ideas, suggestions, feedback, facing challenges. (3.657). Factor – 1 consists of statements such as “Genuine sharing of information, feelings and Thoughts, Teamwork and Team Spirit”.

Factor – 2 Confrontations

Question No	Loadings	Mean	St. Deviation
Motivate	.814	3.50	.92113
Saves Time	.811	3.84	1.03201
Finding Solutions	.549	3.44	1.15750
Rely on Crisis	.493	3.88	1.13066

Note: Eigen Value = 4.241

Percentage of Variance = 10.601%

Confrontation is the second factor accounting for 10.601%, of variance. Item loadings ranged from .814 to .493; there were four Statements in this factor. The Mean Scores of Responses of employees indicated that there is improved problem solving and willingness to work jointly with others to find a solution to the problem (3.665).

Factor – 3 Authenticities

Question No	Loadings	Mean	St. Deviation
Free Discussion	.821	2.16	.92899
Owing to Mistakes	.664	2.54	1.15837
Close Supervision	.636	2.18	.91431
Sharing of Information	.624	2.36	1.03981
Obeying	.513	2.34	.99717

Note: Eigen Value = 2.840

Percentage of Variance = 7.100%

Authenticity is the third factor accounting for 7.100%, of variance. Item loadings ranged from .821 to .513; there were 5 Statements in this factor. The Mean Scores of responses of employees inclined towards neutral (2.316) explains that there is low Congruence between what one feels, says and does in owing up ones mistakes and in unreserved sharing of information.

Factor – 4, Proaction

Question No	Loadings	Mean	St. Deviation
Solving Problems	.796	3.54	1.06761
People Generally	.679	3.52	1.29084
Employee Involvement	.672	3.80	.92113

Note: Eigen Value = 2.352

Percentage of Variance = 5.880%

Proaction is the fourth factor accounting for 5.880% of variance. Item loadings ranged from .796 to .672; there were three Statements in this factor. The Mean Scores of employee’s responses indicated that there is willingness on the part of employees to take initiative, involve in developing an organization’s mission and goals contributes to productivity. (3.62)

Factor – 5 Trust

Question No	Loadings	Mean	St. Deviation
Tactfully	.763	2.00	.98801
Trust	.704	2.02	.96400
Performing Immediate tasks	.542	3.56	.79111

Note: Eigen Value = 1.987

Percentage of Variance = 4.967%

The Fifth factor Trust accounting for 4.967% of variance. Item loadings ranged from .763 to .542; there were three Statements in this factor. The Mean Scores of responses of employees also inclined towards neutral (2.79) reflects that a sense of assurance that others will help, and will honor mutual commitment and obligations is very low in the organization.

Factor – 6 Autonomy

Question No	Loadings	Mean	St. Deviation
Free Interaction	.763	4.34	.68490
Freedom	.613	4.08	.74779

Note: Eigen Value = 1.412

Percentage of Variance = 3.531%

The Sixth factor Autonomy accounting for 3.531% of variance. Item loadings ranged from .763 to .613; there were two Statements in this factor. The Mean Scores of response of employees is very high (4.21) indicating the employees are having effective delegation in organization with the freedom levels.

CONCLUSION

The dimensions Openness, Confrontations, Proaction and Autonomy are the main dimensions of Organizational Climate majorly influenced by the perceptions of the employees working in the organization. While there is need to make efforts to enhance the levels of authenticity and trust among the employees as well in the organization by reducing the distortion in communication, as trust is an extremely important ingredient in organization building process. Organizational climate is the ultimate quality of internal structure of an organizational environment experienced by all its members As it has been revealed, the internal environment of an organization is greatly influential on the kind of behavior exhibited by its members.

REFERENCES

1. Arabacı, I. B. (2010). Academic and administration personnel's perceptions of organizational climate (Sample of Educational Faculty of Firat University). *Procedia-Social and Behavioral Sciences*, 2(2), 4445-4450.
2. Becker, T. E. (1992). Foci and bases of commitment: are they distinctions worth making? *Academy of management Journal*, 35(1), 232-244.
3. Forehand, G. A., & Von Haller, G. (1964). Environmental variation in studies of organizational behavior. *Psychological bulletin*, 62(6), 361.
4. Grojean, M. W., Resick, C. J., Dickson, M. W., & Smith, D. B. (2004). Leaders, values, and organizational climate: Examining leadership strategies for establishing an organizational climate regarding ethics. *Journal of business ethics*, 55(3), 223-241.
5. Landy, F. J. (1989). *Psychology of work behavior*. Thomson Brooks/Cole Publishing Co.
6. Likert, R. (1967). The human organization: its management and values.
7. Litwin, G. H., & Barnes, L. B. (1968). *Organizational climate: Explorations of a concept* (pp. 11-32). R. Tagiuri (Ed.). Boston, MA: Division of Research, Graduate School of Business Administration, Harvard University.
8. Litwin, G. H., & Stringer Jr, R. A. (1968). Motivation and organizational climate.
9. Pareek, U. (1989). Motivational analysis of organizations-climate (MAO-C). *The 1989 annual: Developing human resources*, 161-180.
10. Pareek, U., & Purohit, S. (2011). *Training Instruments in HRD and OD*. McGraw Hill.
11. Pareek, U., Rao, T. V., & Pestonjee, D. M. (1981). Behavioural Processes in Organizations.
12. Rao, K. S. (2013). Understanding Organizational Behaviour. *Review of HRM*, 2, 318.
13. Sims, H. P., & LaFollette, W. (1975). An assessment of the Litwin and Stringer organization climate questionnaire. *Personnel psychology*, 28(1), 19-38.
14. Srivastav, A. (2005). Differential climate in the organization-an empirical study across functions. *GITAM Journal of Management*, 3(1), 90-98.