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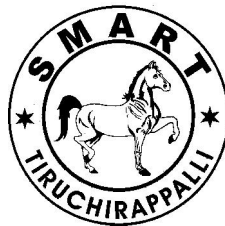
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ORGANIZATIONAL CLIMATE IN THE INDIAN CONTEXT - AN EMPIRICAL STUDY OF MIDDLE LEVEL EXECUTIVES.

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Abstract

India has traditionally and largely had an unstructured working environment, with most of the organizations being family-owned businesses. The scenario has changed post liberalization and in this changed scenario, it would be interesting to know how organization climate has evolved in the Indian context. Since Organizational Climate is perceptual, different organizations with differing practices and procedures may have different climates. One of the problems with conceptualizing climate is the specification of appropriate climate dimensions. The present study seeks to identify the dimensions that constitute organizational climate in the Indian context.

Key Words: Organizational Climate, Organizational Climate Scale, Accountability, Competition, Comfort and Ease

JEL Codes: M50, M59

1. Introduction

India has traditionally and largely had an unstructured working environment, described as paternalistic and authoritarian. Most of the organizations have been family - owned businesses where the owner's word has been the law, with not too many policies or processes in place. A lot of things changed in the post liberalization India. With privatization, globalization and the entry of multi nationals, many organizations have been compelled to get professional in their approach, putting formal policies in place and streamlining processes. In this changed scenario, it would be interesting to know how organization climate has evolved in the Indian context.

Organizational Climate is a measure of individual perceptions or feelings about an organization **(Adeniji, 2011)**. It refers to how the members of an organization perceive it as it

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goes about its daily business. There is a general agreement that organizational climate is a multi-dimensional concept and that a number of typical dimensions could be described (Noordin et al 2010). A favorable organizational climate can be said to be the foundation on which the edifice of organizational effectiveness can be built. If it is known what constitutes such an environment, then measures can be taken to make the organization a better place to work in. The climate of an organization refers to those aspects of the environment that are consciously perceived by organizational members (Armstrong, 2003). Since organizational climate is about individual perceptions and individual perceptions vary, there is a need to know the dimensions that constitute organizational climate in India, which will in turn help organizations to understand better the conditions that foster high levels of performance.

However, research in this area has been fairly nebulous and not extensive in the Indian context. Hence the objective of this paper is to study the dimensions that constitute organizational climate in the Indian context. This research study is not restricted to individual perceptions about a single organization but attempts to understand common dimensions across different organizations.

2. Review of Literature

2.1 Organizational Climate

Organizational Climate has been a topic of considerable research over the last thirty years, although there remains some lack of consensus on the precise specification of the construct (Kopelman, Brief & Guzzo, 1990; Patterson et al., 2005). Most authors agree that it is a complex, multi-level and multidimensional phenomenon (Glick, 1985), derived from employees', perceptions of their experiences within an organization, stable over time and widely shared within an organizational

unit (Koys & DeCotiis, 1991). Early researchers suggested that the social climate or atmosphere created in a workplace had significant conseq uences because employees ' perceptions of the work context purportedly influenced the extent to which people were satisfied and performed up to their potential, which in turn, was predicted to influence organizational productivity (Katz & Kahn, 1978; McGregor, 2000).

Climate has also been described as an experientially based description of the work environment and more specifically, employees' perceptions of the formal and informal policies, practices and procedures in their organization (Schneider, & Bowen, 2010).

It is important to note that that climate is an individual construct that reflects an orientation based on personal values (James, James, & Ashe, 1990; Van Vianen & Prins, 1997). However, over a long period of time, there appeared various frameworks, conceptual as well as operational, different sets of dimensions, techniques of measurements and research findings that are highly diverse and often contradictory.

2.2 Factors that Determine the Individual Organizational Climate

Various researchers have given due consideration to organizational climate and its various dimensions. Campbell, Dunnette, Lawler and Weick (1970) identiûed four dimensions common to a number of climate studies (individual autonomy, degree of structure imposed on the situation, reward orientation and consideration, warmth, and support). James and his colleagues also (James & James, 1989; James & McIntyre, 1996; James & Sells, 1981) describe four dimensions they identiûed across a number of different work contexts: (1) role stress and lack of harmony (2) job challenge and autonomy (3) leadership facilitation and support and (4) work group cooperation,

friendliness, and warmth. **Litwin & Stringer (1968)** defined organizational environment in terms of nine climate dimensions: structure, responsibility, reward, risk, warmth, support, standards, conflict, and identity. **Chappell (1995)** found that there are seven dimensions of organizational climate i.e. promotion, political climate, evaluation, regard for personal concerns, professional development opportunities, internal communication, and organizational structure. One major difficulty with the organizational climate construct is that different operationalizations have been developed. **Johannesson (1973)** was of the opinion that operational definitions of organizational climate may be classified as objective or perceptual. Taking it further, **Sims** and **La Follette (1975)** maintained that while objective definitions of organizational climate focus on size, levels of authority or complexity of the organization, perceptual operationalizations focus on the attitudes held by individuals in the organization concerning aspects like structure, reward and warmth.

In a globalized, competitive world, organizational climate assumes a great deal of importance as it is closely linked to productivity, efficiency and effectiveness and the plethora of research is testimony to this fact. In India, **Pareek, (1989)** in his MAO-C, has designed a scale (the instrument employs 12 dimensions of organizational climate and 6 motives) to study organizational climate with special regard to motivation.

The literature review reveals that OC is a multidimensional construct and constitutes several sub-dimensions. The expression of organization climate and its sub dimensions would significantly vary depending upon the organization, the size, the sector and the management style. Hence it is difficult to identify common climate dimensions relevant to heterogeneous organizations as it involves employees' perceptions of their work

environments and different types of organizations, with their differing practices and procedures will have relatively unique climates **(Muchinsky, 1976)**.

The present study investigates the dimensions which would constitute OC in the Indian context.

3. Methodology

3.1 Method

The study is exploratory in nature and aims to develop the dimensions of Organizational Climate in the Indian context. A number of existing scales were reviewed. A questionnaire was designed to measure organizational climate which included 50 items from the Litwin & Stringer Scale. Twelve of the items were modified to suit the Indian context. The questions consisted of a mixture of favourable and unfavourable statements to which respondents would be asked to rate their point of agreement or disagreement. Further, a sample from 100 managerial employees in the manufacturing and service sectors in India was analysed.

The pilot study was undertaken to trim and refine the pool of items. All items with communality of less than .50 were dropped and 19 items were retained. A panel of experts was formed to validate, trim and refine the initial items. The panel consisted of five experts, including three academics specialized in the area of Communication.

3.2 Questionnaire Development

The tool for data collection was a structured questionnaire administered personally to the respondents. The modified Organization Climate Scale, with the 19 item scale along with the demographic and other organizational details, was used. The respondent was asked to reply to each item using a four-point Likert scale format - definitely agree; inclined to agree; inclined to disagree; or definitely disagree- as it applies to his or her organization. Higher score

indicates an open and favorable climate and a lower score indicates otherwise.

3.3 Sample

Primary data were collected between June 2013 and May 2014. The sample in Stage Two consisted of 234 executives drawn from the population of working executives and the inclusion criteria were: i). Executives should be presently working in any type of organization. ii). they should have minimum four years of experience. iii). they should have an MBA degree.

4. Analysis

The primary data, collected for the study, were processed by using statistical software (SPSS). The raw data were screened for missing data, outliers, normality, and linearity in order to achieve maximum accuracy. The exploratory factor analysis was conducted by using Principal Component Analysis (PCA) and Varimax Rotation. The Kaiser-Meyer-Olkin measure of sampling adequacy was 0.668, showing that the sample size was adequate to conduct factor analysis and the Barlett Test was 188.605 at 0.001 level of significant, indicating the sample was appropriate for the factor analysis **(Table 1)**. The scale reliability and good internal consistency were indicated by Cronbach alpha coefficients and Guttman Split-Half Coefficient test. The scale recorded satisfactory psychometric properties and the dimensions were consistent with current theories of organizational climate and may be useful for assessing climate. The coefficient alpha estimate of internal consistency reliability was 0.730 and Guttman split half was 0.686 **(Table 2)**.

5. Findings

The organizational climate is a seven dimensional construct. According to Table 3, loading values of the items in their respective factors ranged from 0.44 to 0.90. For a factor loading to be considered significant, it needs to have a value greater than 0.50 **(Hair, et al., 2006)**. All factors, having Eigen value greater than one, were retained**. (Table 3)**

In this study, using the basic Litwin-Stringer Scale (4 items were negatively worded and were subsequently recoded), factor analysis was conducted by using the rotated component method. After doing so, 33 items were dropped from the scale and the remaining were grouped under 7 components. To further explain the results of Table 3:

1. Accountability (4 items)- the feeling of being accountable for your actions and knowing that you are likely to be pulled up if you slacken in executing your responsibilities. The construct had a total factor loading of 2.61 and the eigen value was 4.359 and the variance explained was 19.12.

2. Comfort and Ease (5 items)-a sense of camaraderie and warmth that prevails in the organization, where you do not have to watch your back all the time. The construct had 5 items, with a total factor loading of 3.04 and the eigen value was 1.718 and the variance explained was 15.17.

3. Competition (2 items) -a pervading sense of subtle pressure to raise the bar for yourself and that of your group to surpass your previous performance. This construct had a total factor loading of 1.47 and the eigen value was 1.452 and the variance explained was 13.13

4. Responsibility (2 items)-a sense of empowerment and a belief that employees will do their best and need not be micro managed. This construct had a a total factor loading of 1.38 and the eigen value was 1.191 and the variance explained was 9.13.

5. Structure (2 items)-the feeling that everything and everyone in the organization has a place and a role to play in the overall scheme of things. This construct had a total

factor loading of 1.331and the eigen value was 1.182 and the total variance explained was 8.14.

6. Clarity (2 items)-a sense of direction that employees have about their growth in the organization and their position in the future. This construct had a total factor loading of 1.22 and the eigen value was1.071 and the variance explained was7.19.

7. Risk aversion (2 items)-a prevailing sense of circumspection that it is better to grow slowly and steadily, rather than take huge risks and maximize profit. This construct had a factor loading of 1.18 and the eigen value was 1.01 and the total variance explained was 6.13.

Based on the variance explained, Accountability emerged as the most important factor, followed by Comfort & Ease and Competition. The percentage of explained variance can be used as a goodness of fit test and this in itself was an important reason for computing. The present study recorded a cumulative explained variation of 78.01 percent which indicated that the factor structure emerging was robust.

6. Discussion

The data analysis threw up interesting insights into the organizational climate in India. Seven dimensions emerged, namely, Accountability, Comfort and Ease, Competition, Responsibility, Structure, Clarity, and Risk Aversion. As expected, the Litwin-Stringer Scale, one of the most widely used instruments, produced results as observed by Downey, Hellriegel, Phelps & Slocum, 1974; Sims & LaFollette, 1975; Muchinsky, 1976; Rogers, Miles & Biggs, 1980. All the four studies used factor analysis to assess the basic dimensions of the LSOCQ and the factor structure was found to be different. This is inevitable as the LSOCQ is a perceptual measure of organizational climate and as perceptions of climate are fluid, the factor structure is bound to be different. A similar result was observed in the present study as well. The three most important dimensions which emerged, as evident from Table 1, are Accountability, Competition, and Comfort and Ease.

6.1. Accountability

Accountability has been described as " the adhesive that binds social systems together" (Frink & Klimoski, 1998, p.3). That is, if individuals were not answerable for their behavior, there would be neither shared expectations nor a basis for social order. Thus, without accountability, it would be impossible to maintain any form of social system (Frink & Klimoski, 1998; Tetlock, 1985). Accountability is also a fundamental tenet of organizations. If individuals are not accountable to at least some degree, organizations would not function effectively (Lerner & Tetlock, 1999).

6.2. Competition

Competition, particularly unhealthy, can lead employees and managers to counter productive behavior, such as pulling others down, withholding sensitive information, furthering individual objectives at the cost of organizational goals. It also leads to politicking and inter- group spats and as stated by Pfeiffer, Jeffrey, and Sutton (2000), excessive internal competition can destroy the moral fabric of many organizations.

6.3. Comfort and Ease

An organization where there is a great deal of ease and interpersonal comfort, can add to very conducive work environment. An extremely regimented work environment does not add to the comfort and joy of working. Conversely, if the work climate is developed to provide a more desirable work environment, there will be an increase in job satisfaction

6.4. Responsibility

In an organization with a culture of responsibility, members share the belief that what

they do has an impact. Notions of responsibilities in an organization can enable employees to make decisions about what each member of the organization is expected to do and to anticipate the tasks of others.

6.5. Structure

Organizations are set up in specific ways to accomplish different goals and the structure of an organization can help or hinder its progress toward accomplishing these goals. Organizational structure, which depends on the organization's objectives and strategy, determines how the roles, power and responsibilities are allocated, controlled, and coordinated.

6.6. Clarity

Very often organizational goals are nebulous and unclear or there is a lack of direction and purpose. Clear, planned goals and objectives inject element of certainty to job responsibilities (Winter, Taylor and Sarros, 2000), which reduce role ambiguity and increase job satisfaction.

6.7. Risk Aversion

In a lot of organizations, people are usually afraid of taking risks and of failing for fear of censure or reprisal. Employees are afraid to take risks, largely because caution is preferred to courage and postmortems are conducted for failures.

7. Conclusion

The findings suggest that Indian organizations need to pay attention to employee perceptions of the work environment and that human resource strategies should go beyond establishing policies and procedures to create a employee-friendly work environment.

Given India's rise on the world economic scene, the findings suggest that organizations, wishing to sustain their competitiveness and growth levels, need to pay more attention to their

employees' perceptions and beliefs to boost both performance and productivity.

8. Limitations

The present study relied exclusively on cross sectional data, limiting the ability to generalize beyond a point. Further, a significant majority of respondents were males, again limiting generalizability. This study could be replicated by using a larger random sample size to see whether similar findings will be produced.

9. Scope for Further Research

The study can act as an indicator for organizational climate and could be used in larger studies in the context of the area of Human Resources.

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Table 1 : KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.668
Bartlett' s Test of Sphericity	Approx. Chi-Square	188.605
	df	55
	Sig.	0.000

Source: Based on the study conducted by the researchers

Table 2 : Reliability test for organizational climate scale

Cronbach's Alpha	Guttman Split-Half Coefficient
0.730	0.686

Source: Based on the study conducted by the researchers

Table 3: Showing factor loading, eigen value and percentage of variance explained

	Factor loading	Eigen Values	%f Variance	Total Variance Explained (Cumulative %)
Accountability		4.36	19.12	19.12
One of the problems in our Organization is that individuals won't take responsibility.	0.61			
In our Organization people pretty much look out for their own interests.	0.61			
In our Organization people are rewarded in proportion to the excellence of their job performance.	0.64			
There are an awful lot of excuses around here when somebody makes a mistake.	0.75			

Table - 3 Cont....

		1.72	15.17	34.29
Comfort & Ease				
We are encouraged to speak our minds, even if it means disagreeing with our superiors.	0.41			
The philosophy of our management emphasizes the human factor, how people feel, etc.	0.57			
Management believes that if the people are happy, productivity will take care of itself.	0.62			
A friendly atmosphere prevails among the people in our Organization.	0.7			
There is a lot of warmth in the relationships between management and workers in our Organization.	0.74			
Competition		1.45	13.13	47.42
The attitude of our management is that conflict between competing units and individuals can be very healthy.	0.71			
Around here there is a feeling of pressure to continually improve our personal and group performance.	0.76			
Responsibility		1.19	9.13	56.55
Supervision in our Organization is mainly a matter of setting guidelines for your subordinates; you let them take responsibility for the job.	0.57			
You won't get ahead in our Organization unless you stick your neck out and try things on your own sometimes.	0.81			
Structure		1.18	8.14	64.69
The jobs in our Organization are clearly defined and logically structured.	0.57			
People in our Organization tend to be cool and aloof towards each other.	0.76			
Clarity		1.07	7.19	71.88
Management makes an effort to talk with you about your career aspirations within the Organization.	0.48			
The policies and organization structure of the Organization have been clearly explained.	0.74			
Risk Aversion		1.01	6.13	78.01
The philosophy of our management is that in the long run we get ahead fastest by playing it slow, safe, and sure.	0.74			
Our business has been built up by taking calculated risks at the right time.	0.44			

***Source:** Based on the study conducted by the researchers*