

Study of Organizational climatic factor for employee effectiveness: A Study of Jalandhar Leather factories

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ABSTRACT

Every organizational activity is oriented around a set of variables which together constitute a climate of work. Climate is the atmosphere in which individual help, reward, judge, constraint & perceive about each other. It influences the morale & attitude of individual towards his work & his environment. It can also be said that climate designates the quality of co-operation, the extent of member's dedication or commitment to organizational purpose & the efficiency with which the purpose becomes translated into results. This study aimed at studying the important climatic factors which helps in increasing employee effectiveness. And to study the influence of these factors on employee effectiveness.

Keywords Factors, Influence, employee effectiveness

1. INTRODUCTION

More than half a century ago, Kurt Lewin and his associates argued that different leadership styles create "social climates" that affect productivity in different ways. Their research showed that people were nearly equally productive under democratic and authoritarian leadership styles, but that they worked much more harmoniously and were more satisfied under a democratic leader. Lewin's early work resulted in numerous applications of the climate concept to business and industry. For example,

Douglas McGregor used the concept of climate in his now classic book *The Human Side of Enterprise*. He asserted that managers create a climate that reflects their beliefs about workers. If they believe that workers need to be cajoled into working, work only for money, or are not to be trusted to make important decisions, managers create a "Theory X" climate. If they believe in the inherent maturity and creativity of employees and trust their capacity to make decisions in the interest of the firm, they create a "Theory Y" climate. In McGregor's view, beliefs shape how organizations function. Others have studied climates with regard to the goals organizations pursue, i.e., the climates that result when the organization pursues a goal of safety, or service, or innovation, and so forth (Schneider et al, 1996). (Forehand et al, 1964) defined Organizational Climate as a 'set of characteristics that (a) describe the organization and distinguish it from other organizations (b) are relatively enduring over time and (c) influence the behavior of people in the organization.' Gregopoulos (1963) defined Organizational Climate as a 'normative structure of attitudes and behavioral standards which provided a basis for interpreting the situations and act as a source of pressure for directing activities.' (Kandu, 2007)

Organizational climate is a term that was probably first used by Cornell in 1955. He used the term to denote a "delicate blending of interpretations or perceptions by persons in the organization of their jobs or roles in

relationship to others and their interpretation of the roles of others in the organization". Climate is the label used to describe the dimensions of the work environment that can be measured with the relative precision Organizational climate is created by the interaction, with one another, of the organizational components, namely culture, structure, system, leadership behavior and psychological needs of the members of the organization **(School Management)**.

The organizational climate can be perceived as a factor in the center of circle including culture, ecology, individuals, organizing and social system which surround the organization and as an institution effected by them. The climate surrounding organization shows the good intentions of organization members and their level of loyalty to the organization. The research on the concept of organization climate makes it clear for us to understand the effect of organizations on individual and his personality and also makes it easy for us to generalize the multi-sided dimensions of the organization members' attitudes. According to **Bilir** the research of organization climate can be used as a means of diagnosis and fixing. The understanding of organization climate also provides an understanding how the different management styles have a great effect on the members of organization, the work achieved by it and the health of it. The attitude of individual is an important factor in education institutions where human component has the greatest importance. The quality of attitudes has a great role on the mutual relations and the interactions, but also it is effective in creating working peace and harmony when the expected job is performed successfully. Therefore, it is important and necessary to make a research on the organizational climate **(Gul, 2008)**.

1.1 Introduction to the Employee Effectiveness

Getting desired outcome within defined resources is treated as effectiveness.

Employee effectiveness is the concept of how effective an employee is in achieving the outcomes the organization intends to produce. Effectiveness is an abstract concept and is basically impossible to measure. Instead of measuring organizational effectiveness, the organization determines proxy measures which will be used to represent effectiveness. We may include such things as efficiency of management, performance of employees, core competencies, number of people served, types and sizes of population segments served and so on. So we focused on the performance of the employees that to what extend this proxy measure contributes in Organizational effectiveness. **(Muhammad, et al 2011)**

Employee effectiveness is a seldom-discussed but crucial component to improved business performance. For this reason, effective employees are worth their weight in gold. Today's consumers are inundated with marketing stimuli, to the point that the consumer base in society is now "numb" to traditional marketing tactics and advertisements. In this society of never-ending technological improvements, how can you make your company stand out? The answer is simple: by employing people that understand the basic tenets of human interaction and utilize this understanding toward increasing company profits. Or, more simply, by hiring and developing effective employees **(Smith, 2007)**. Employees who have proven to themselves that they are capable and worthy of success have the best chance of being effective on the job. Organization will recognize them by their positive outlook, their sense of responsibility and their honesty. They will be most productive employees of the organization **(Ventrice, 2008)**. In order to achieve the increased and sustainable business results, organizations need to execute the right strategy and engage the employees. Employee effectiveness was succinctly defined by Draft (1983) as "the degree to which an individual realizes his goals".

Organizations pursue multiple goals, and such goals must be achieved in the face of competition limited resources, and disagreement among the interest groups (Olaniyan, 2008).

The complexity and competitiveness of today's business environment requires that companies continuously raise the bar on their effectiveness. Top performance increasingly demands excellence in all areas, including productivity, leadership and adaptation to change, process improvement, and capability enhancement (knowledge, skills, abilities and competencies) (Venkataiah, 2004).

The most effective way to measure it with sales is the total amount of money that came in verses the total amount of money spent. You could measure the number of calls made in an hour but this does not determine if the sales person is making any money for the company of if they are just making a lot of phone calls, being told no thanks, and hanging up the phone, so it may not be the most efficient way to measure effectiveness. (Carnegie, 2010)

2. REVIEW OF LITERATURE

Forehard and Gilmer (1964) defined organizational climate as the set of characteristics that are specific to a particular organization that may be induced from the way that organization deal with its members and its environment. For the individual members within the organization, climate takes the form of a set of attitudes and expectancies, which describe the organization in terms of both static characteristics and behavior outcome and outcome-outcome contingencies. Whereas according to Koehler, et al (1976) felt that individual's can respond to the organizational climate only in terms of their perception of it, whether or not the perception is accurate.

Patterson (2004) examined 17 factors of the company climate, of which 8 were found to be the major factors that affected the organizational climate and productivity of the company. Similarly, the relationship between

the organization climate, organizational culture and managerial values was studied through 4 main factors. Wallace, et al (2007), Vidyasagar (2007) described the Organizational Climate as the aggregate perceptions of the characteristics of the organizations. Organizational Psychological Climates have been differentiated substantially in terms of the various dimensions. The concept of strategic context of Collective Climate may best represent Organizational Climate. However Bālan (2009) thinks that in the modern organizations the system of motivating and stimulating the employees will have to be well improved through the promotion of an objective standard of evaluating the performances, stimulating quality results, encouraging the initiative and creativity, increasing the qualification of the employees and offering possibilities of promotion. Hong (2008) examined the 4 factors- structure, responsibility, rewards and supports in order to find out the relationship between organizational climate, employee personality and intention to leave and concluded that organizations could reduce turnover rate by improving the organizational climate. Raza (2010) analyzed another relationship between the organizational climate and then its impact upon the teachers in public and private sector. Its main objectives were to study the relative strengths and the weaknesses of the climate that was provided to the teachers. Again the positive climate had the significant impact upon the performance of the teachers. Gordon (2000) examined the nature and degree of influence organizational climate has upon the performance of the hotels.

The study by Anthonia, Adenike aimed to explore organizational climate as a predictor of employee job satisfaction of academic staff from a private Nigerian University. The study of the antecedents of job satisfaction is important because of the role it plays in job satisfaction of employees which in turn affects organizational productivity Adenike (2005) however in the study regarding the influence of occupational stress and

organizational climate on job satisfaction of managers and engineers working in Indian Oil Corporation Limited, the managers scored significantly high on organizational climate scale than the engineers indicating that the managers are more satisfied due to the empowerment given to them. **Jain, et al (2007)** The another significant study has been given by Anita Gupta regarding the organizational climate which studied the different factors like team formation, functions, coordination, culture etc. The general picture emerging out of the findings indicate that overall a favorable climate exists in the organization. **Gupta (2008)**. Similarly, the developmental climate of manufacturing and software organizations in India was assessed and the findings of the study were that the general climate, HRD Mechanisms and OCTAPAC culture are better in software organizations compared to manufacturing **Saraswathi (2010)**.

Stone, et al (2000) developed a model that invites dialogue among researchers and informs agenda-setting for future research into organizational climate and the safety of patients and health care employees. In the same respect regarding the impact of organizational climate on safety climate and individual behaviour **Neal, et al (2001)** demonstrated that general organizational climate can influence perceptions of safety climate, and that these perceptions of safety climate influence safety performance through their effects on knowledge and motivation. **Harris, et al (2004)** developed a model of climate domains that are hypothesized to affect outcomes across settings, and test aspects of the model. Another definition was put forward which described the organization climate in the two dimensions namely "Tension" and "Resistance to the change" **Burton, (2007)**. The Berkhout's paper sets out a framework for analyzing adaptation to the direct and indirect impacts of climate change in business organizations. It argues that adaptation to climate change has many similarities with processes of organizational learning. The paper suggests that business

organizations face a number of obstacles in learning how to adapt to climate change impacts, especially in relation to the weakness and ambiguity of signals about climate change and the uncertainty about benefits flowing from adaptation measures **Berkhout, et al (2006)**.

The study regarding the organizational climate concluded that employee performance has a positive relation with organizational effectiveness and employee motivation has also positive relation with organizational effectiveness. There is a relation among these variables but strong relationship does not exist. **Malik, et al (2008)**. The organizational climate of the NC cooperation was studied through the analysis of the 8 categories-formal influences from upper management, formal influence from middle management, formal influence from the manager or supervisor, communication, collaboration, structure, work design, service to the public and the result was a consensus agreement on the organizational climate. **Fouts (2004)**. A study in the Pakistan Knitwear Industry was conducted which explained the relationship between the organizational climate and employee's commitment through 415 questionnaires in 85 industries and thus the result was that the Organizational climate is an important variable that has been found positively correlated with employee's commitment. **Iqbal, et al (2008)**.

3. OBJECTIVES OF THE STUDY

- To determine the various organization climatic factors which creates impact on employee effectiveness
- To study the relationship between age of respondents and organizational climatic factors.
- To study the relationship between reward system and employee effectiveness.

3.1 Hypothesis H₀ (1): Age of respondents has no significant impact on the factors

increasing the efficiency of employees. H_0 (2). Age of respondents has no significant relationship with reward system.

3.2 Sampling Technique: Non- Probability Convenience Sampling.

3.3 Sample Size: For collecting primary data, sample size of 99 have been taken into consideration

3.4 Frame- The data is collected from the leather factories.

3.5 Universe-Jalandhar and its surrounding area.

3.6 Element- Individuals, Those who are working at the middle and the lower categories.

4. DATA ANALYSIS

Obj-1: To determine the various organization climatic factors which creates impact on employee effectiveness?

Factor analysis is a good way of identifying latent or underlying factors from an array of Seemingly important variables. In a more general way, factor analysis is a set of techniques, Which, by analyzing correlations between variables, reduces their number into fewer factors? Which explain much of the original data, more economically? (Nargundkar, 2005). With the help of factor analysis, number of optimum factors has identified and the value of KMO i.e 0.711, suggest that factors are appropriate for further steps. It can be seen in below **Table no-1.**

Naming of Factor

Factor analysis has combined the various factors into two main factors. Table-2, clearly shows that Autonomy with factor loading (0.831), communication with factor loading (0.732), Pro-activity with factor loading (0.714), leadership with factor loading (0.677), Authenticity with factor loading (0.633) comes under the one main factor and the name given to this factor is **Professional Ethics.** See **Table-2** Similarly, openness with factor loading (0.806), cooperation with factor loading (0.765), collaboration with factor loading (0.697) and confrontation with

factor loading (0.558) comes under the another factor and the name given to this factor is **Conducive environment.** See **Table-2**

Factor-1: Professional Ethics

The rotated matrix has explained that the respondent has perceived this factor as one of the most important factor with the highest explained variance i.e. 36.957%.

Factor-2: Conducive Environment

The rotated matrix has explained that the respondent has perceived this factor as second most important factor with the highest explained variance i.e. 20.032%

Obj-(2): To study the relationship between age of respondents and organizational climatic factors. H_0 (2): Age of respondents has no significant impact on the factors increasing the efficiency of employees

Null hypothesis H_0 (2) is partially rejected as age of respondent is significantly found in case of professional ethics. Age category of 26-31 and more than 32, have given more importance to professional ethics. Comparatively the respondents who fall in the category of 18-25 have given less importance to professional ethics. See **Table-3** and See **Table-4**

Obj-(3): To study the relationship between reward system and employee effectiveness. H_0 (3): Age of respondents has no significant relationship with reward system.

The above **Table-5** and **Table-6** shows that null hypothesis is accepted as the p value is 0.649, so it can be concluded that there is no significant relationship between age of respondent and reward system.

5. DISCUSSION AND CONCLUSION

The study has been undertaken by considering by determining those organization climatic factors which are highly responsible for employee effectiveness. There are two factors such as: Professional ethics and conducive environment. Professional ethics includes Autonomy communication,

Pro-activity, leadership, Authenticity. And conducive environment includes openness, collaboration, cooperation, confrontation. Then Analysis of variance and chi-square statistical test have been applied to test the significant relationship between the variables and found that there is significant relationship in case of professional ethics and category i.e. of 26-31 and more than 32, have given more importance to professional ethics. And second hypothesis has been rejected by statistical test. It means there is no significant relationship exist between reward system and age of the respondent.

So, finally it can be concluded that people at higher age gives more importance to professional ethics, no doubt this study is limited to lower and middle level employees, but still a conclusion can be drawn that with

growing experience and age employees get more professional towards their job

6. SCOPE FOR FUTURE RESEARCH

The study included the factories from Jalandhar leather complex. Since in each and every organization that employs workers has their own organizational climate and they also want to increase the effectiveness of their employees so as to get the best possible results and thus retaining them. The study could also have been conducted in the normal offices of the Jalandhar and its surrounding areas except the factories which also employs the large number of employees. But due to the limitation of the time span, it was conducted only in the factories.

TABLES

Table :1-KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.711
Bartlett's Test of Sphericity	Approx. Chi-Square	271.46
	Df	36
	Sig.	0.00

Table :2-Factor Analysis

	Statement	Factor loading	Cronbach's Alpha if Item Deleted	Reliability
Factor 1	Autonomy	0.831	0.742	0.781
	Communication	0.732	0.761	
	Pro-activity	0.714	0.734	
	Leadership	0.677	0.702	
	Authenticity	0.633	0.761	
Factor 2	Openness	0.806	0.685	0.697
	Co-operation	0.765	0.569	
	Collaboration	0.697	0.595	
	Confrontation	0.558	0.68	

Table: 3- Annova Between Age and Factor

		Sum of Squares	df	Mean Square	F	Sig.
Professional ethics	Between Groups	14.96	3	4.987	5.5	0.002
	Within Groups	79.87	88	0.908		
	Total	94.83	91			
Conducive Environment	Between Groups	6.319	3	2.106	2.3	0.082
	Within Groups	80.21	88	0.911		
	Total	86.53	91			

Table: 4- Descriptive

Factor	Age	Mean Score
Professional ethics	18-25	-0.61091
	26-31	0.428655
	32-36	0.055272
	More than 36	0.131848
	Total	0.002763
Conducive Environment	18-25	0.480719
	26-31	-0.08886
	32-36	-0.03871
	More than 36	-0.21845
	Total	0.061232

Table-5: Age of Respondent * Reward System Cross tabulation

			Reward System			Total
			Yes	No	4	
Age of Respondent	18-25	Count	24	1	0	25
		Residual	0.8	-0.6	-0.3	

	26-31	Count	27	1	1	29
		Residual	0.1	-0.8	0.7	
	32-36	Count	24	2	0	26
		Residual	0	0.4	-0.3	
	More than 36	Count	13	2	0	15
		Residual	-0.9	1.1	-0.2	
Total		Count	88	6	1	95

Table: 6 Chi-square

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Sq.	4.203 ^a	6	0.649
Likelihood Ratio	4.117	6	0.661
Linear-by-Linear Association	0.28	1	0.596
N of Valid Cases	95		

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