

Employees' Perception of Organizational Climate in Indian Corporate Sector: A Study across Sectoral and Demographic Variables

*Sanjeev Sheoran *Kavitri **B K Punia

Organizational Climate of an institution replicates the perception and emotional responses of the individuals working within that system. The present study has been carried out by analyzing the data collected from 670 employees working in different Indian organisations to ascertain whether the responses differ significantly or not with regard to their perception of organisational climate. The data for the purpose has been collected with the help of relevant scale and analysed by applying different statistical techniques. The study reveals significant differences in employees' perception of organisational climate across demographic and organizational variables and particularly with regard to qualification, managerial cadre, category of organization (public/private) and salary band.

Introduction

Organizational climate can be defined as organizational norms and expectations regarding how people behave and how things are done in an organization. It further reflects workers' perception of and emotional responses to the characteristics of their work environment. Organization is an outcome of societal system and it has a structure which reflects the class relations; rules; and ownership is defined in definite terms (Chattopadhyaya and Aggrawal, 1976). It also has specific goals and there are varying sizes of the organizations and its various elements contribute to the psychological environment within an organization. Organizational climate is determined also by member characteristics i.e. age, qualifications, experience, gender etc. and it is also reflected in the class structure in terms of the stratification of various roles and status. Apart from these there are several other organizational variables which also influence organizational climate namely communication, performance standard, support system, warmth, responsibilities, reward system, members identity, conflict resolution, participation in decision making, organizational structure and level of motivation. Organizational climate is thus outcome of interplay between a number of variables of the societal system and organization and the individual members.

Many a time's organisational climate and organisational culture used synonymously however the two terms are distinct from each other and they can be best explained while using the example of an iceberg. Another way to look at climate and culture of the organization is demonstrated Figure-1 and herein the observable culture could also be called the organizational climate. This is what people internally and externally see and thus perceive how the organization functions.

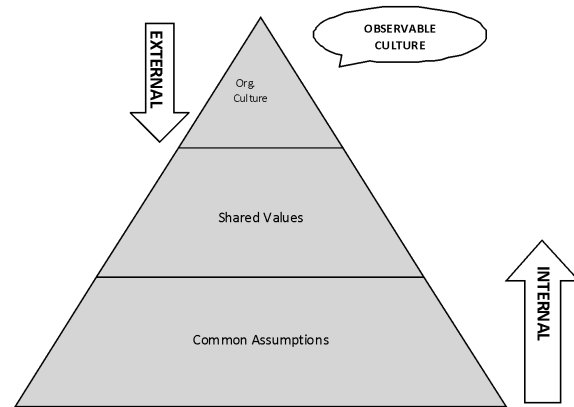


Figure-1: Organisational Culture v/s Organisational Climate

The Figure-1 can be elaborated in two levels i.e. visible and invisible parts of the system. The visible part can be seen at the surface level and largely include dress codes, office layout, symbols, slogans,

*Research Scholars, Haryana School of Business, Guru Jambheshwar University of Science & Technology, Hisar-125001.

**Professor & Dean, Haryana School of Business, Guru Jambheshwar University of Science & Technology, Hisar125001.

and ceremonies etc. However the invisible part cannot be seen but only felt and encompasses stories about people performance, symbols (flag, trademark, logos, etc.), corporate mission statements, methods used for recruitment/selection, fairness in treatment, social equality, risk taking in business deals, formality in approach, discipline, departmental autonomy, responsiveness to communication and employee empowerment etc. Thus organisational culture describes all the unwritten rules, practices, attitudes and beliefs that affect the way in which business is done and underpins the interactions of internal and external customers whereas organisational climate is its state of health and describe the morale and perceptions and is quite subjective and thus can be said the invisible part. However how do the two terms differ from research perspective has been shown as per Table-1.

Table-1
Contrasting Organisational Culture and Organisational Climate Research Perspectives

Differences	Culture Literature	Climate Literature
Epistemology	Contextualized and Idiographic	Comparative & Nomothetic
Point of View	Emic (Native Point of View)	Etic (Researcher's Viewpoint)
Methodology	Qualitative Field Operation	Quantitative Survey Data
Level of Analysis	Underlying Values and Assumptions	Surface-Level Manifestation
Temporal Orientation	Historical Evolution	A Historical Snapshot
Theoretical Foundations	Social Constructions: Critical Theory	Lewinian Field Theory
Discipline	Sociology and Anthropology	Psychology

Source: Denison (1996), p. 625.

Review of Literature

The topic of organisational climate has been

researched across the globe very comprehensively yet the environmental dynamics call for more and more studies on the topic. A very brief and relevant studies conducted on the subject have been reviewed in this part for further exploration. Bhutto, Laghari, and Butt (2012) investigated in their study the relationship between measures of organizational climate and measures of job satisfaction which are applied to executives of public, private, and foreign banks and also to examine whether the perceptions of different employees are different about organizational climate and job satisfaction or not. The results revealed that out of fourteen sub factors of the climate three i.e. organizational structure, identity, and human relations were found positively related to the job satisfaction. Whereas from the executives' point of view of all the three banks, the two factors i.e. equity and empowerment were found negatively related to the job satisfaction.

The study conducted by Bhaskar and Wadhwa (2012) used a comprehensive framework which focused on assessing the organisational climate from the view point of motivation in a government district hospital. Based on the ranks, final scores were calculated that reflected the dominant climate (highest score for a particular motive) and backup climates (second highest score for a particular motive). Also a combination of the two motives, dominant and back up motives or climates indicated a particular organisational climate. According to the study, the dominant climate in the organisation was that for dependency motive while the backup climate of the organisation was for the control motive.

Adenike (2011) explored the organizational climate as an indicator of employee job satisfaction of academic staff to examine its role in job satisfaction of worker which in turn affects organizational productivity. The hypotheses were tested and the results of the study showed a significant positive relationship between these two variables.

Lather, Puskas, Singh, and Gupta (2010) compared the organizational structure of the selected companies

in the manufacturing and to identify and measure the perceived organizational culture and its various dimensions. The result revealed that the executives and non-executives perceive the culture differently and the study helped in identifying the weaker aspects of culture in terms of values and beliefs that prevail in the organization.

Yaghoubi, Moloudi, and Haghi (2010) have studied the relationship of organizational intelligence and organizational culture in Social Security Organization. The research was conducted on 280 of personnel in 3 levels by applying Stratified Random Sampling. Findings of the study showed a statistically significant relationship between organizational intelligence and organizational Culture.

Singh (2010) examined the HRM practices and organization culture will provide an edge to an organization and attempted to understand the effect of the HRM practices and Organization Culture on managerial effectiveness in public sector organization in India. This study brought out that the HRM practices and organizational culture are strong predictors of managerial effectiveness of the public sector organizations surveyed.

Shah and Irani (2010) conducted a study on employee workplace and demographic predictors to know the employee attitudes and behaviors regarding organizational change. The findings indicated a significant relationship between the read lines for the change and workplace and demographics factors. First time supervisor and peer relations predictor has been examined to read lines for change. Results further indicated positive and significant relationships between read lines for change and supervisor and the peer relations. However, from demographic characteristics only two i.e. number of dependents and younger employees have positive and significant relationships to read lines for change.

Imran, Saeed, Ansis-ul-Haq, and Fatima (2010) examined the predicting role of organizational

climate in innovative work behavior (IWB). The Study was carried out on a purposively selected sample of 320 managers from Fast Moving Consumer Goods (FMCG) organizations countrywide. The instruments used for the study included IWB, subscales of Organization Climate Measure (OCM) based on competing values model, including Opens System Model (OSM) and Rational Goal Model (RGM). Multiple regression analysis and ANOVA were carried out to test the hypotheses and the results revealed significant positive impact of OSM and RGM on IWB. However, the results did not show significant role of organizational size in IWB.

Mahal (2009) has studied the influence of organizational culture and climate on the motivation level among 100 adult employees working in Ranbaxy. The study has been carried out with the help of questionnaires in particular; organizational climate factors include environment, team work, management effectiveness, involvement, reward and recognition, competency and commitment. These factors have been found to influence the motivation and viewed as multidimensional construct. The results further indicated that all eight variables are positively related to the motivation and also tried to explain that to improve the motivation level among employees one must try to improve the organizational culture and climate.

Olu (2009) studied the impact of corporate culture on workers job performance as well as organizational productivity in Nigerian banking industry and tried to find the organizational culture influences on employee job performance. The case study companies were selected by using stratified and simple random sampling techniques while the respondents were selected by using simple random sampling technique. It was found that a large number of respondents (57%) strongly agreed that corporate culture had effect on employee job performance, and 48% of the employees also agreed that corporate culture determines the productivity level of the organization.

Zain (2009) had examined the influence of corporate culture on organizational commitment. Specifically, this study examined four dimensions of corporate culture, namely teamwork, communication, rewards and recognition and training and development on employees' commitment towards the organization. One hundred and ninety respondents from a Malaysian listed company participated in the survey. The results showed that all dimensions of corporate culture chosen in this study are important determinants in motivating the employees to be committed to their organization. The findings implicated that an organization needs to be aware of the importance of these dimensions in providing a favorable working environment to its employees in attaining their full commitment for organizational success.

Fritzsich (2009) explored that various configurations of organizational climate and organizational strategy lead to strategic employee behavior which is crucial for organizations to reach their goals and also found that strategic employee behavior is related to the fit between the organizational strategy as perceived by all employees and the organizational climate within an organization. The results reveal that fit is negatively related to innovative work behavior and the customer oriented behavior; knowledge sharing and affective commitment are not significantly related to fit.

Riggle (2007) investigated that organizational climate variables such as perceived organizational support, ethical climate, and trust do positively impact salesperson psychological and behavioral outcomes. However Parker, et al. (2003) explained that work attitudes also mediate the effects of climate on employee performance and motivation. Whereas Glisson and James (2002) viewed that the organizational culture influences work attitudes like job satisfaction, commitment, service quality and staff turnover etc.

The various studies reviewed above bring out that organisational climate is dominant factor in overall

health determination of any organisation and its positive perception by its employees has been found positively correlated with diverse organisational and individual issues. The positive orientation of employees towards the organisational climate definitely contribute in productivity, work attitudes, employee motivation, innovative work behaviour, job satisfaction, employment relations, organisational intelligence, managerial effectiveness and as a whole various psychological and behavioral outcomes of employees contributing to the sound health of the organisation. Therefore, keeping in view the significance of the subject, the present study has been carried out as per the objectives and methodology detailed in the ensuing part of the study.

Objectives and Methodology of the Study

As is evident from the title, the main objective of the study has been to explore the employees' perception of the organisational climate prevailing in Indian corporate sector. The incidental objectives of the study were as under:

1. To study the employees' perception of organisational climate in different public and private sector organisations.
2. To examine the employees' perception of organisational climate in different service and manufacturing organisations.
3. To Study the employees' perception of organisational climate according to their demographic variables i.e. managerial cadre, gender, qualifications, salary and experience band.

Hypotheses

Based upon the following objectives the following hypotheses have been drawn for further testing:

- H01: There is no significant difference in the perception of employees regarding organisational climate in different public and private sector organisations.

- H02: There is no significant difference in the perception of employees regarding organisational climate in different service and manufacturing organisations.
- H03: There is no significant difference in the perception of employees regarding organisational climate with respect to their managerial cadre.
- H04: There is no significant difference in the perception of employees regarding organisational climate with respect to the gender.
- H05: There is no significant difference in the perception of employees regarding organisational climate with respect to their qualifications.
- H06: There is no significant difference in the perception of employees regarding organisational climate with respect to their salary band.
- H07: There is no significant difference in the perception of employees regarding organisational climate with respect to their experience band.

Research Instrument and Data Analysis

In the present study data has been collected from 607 employees working in different organisations in Hisar and National Capital Region. Simple random sampling method was used for the selection of the employees from each organization for data collection. In all 1000 questionnaires were distributed amongst the employees however only 645 were received back of which only 607 were complete in all respects and used in the study and the details of the same are presented as per Table-2. It can be seen from the table that out of a total of 607 respondents 116 respondents were from top level, 365 from middle level and 126 were from operative level. 473 respondents were male and the rest 132 were females. 73 respondents were from public sector organization and 534 were from private sector organization. Out of 607 respondents, 414 respondents were taken from manufacturing industry and 193 were from service industry. On qualification parameters 250 respondents were post graduates, 149 were graduates and 208 were under graduates. The salary variable was further divided in to four categories i.e. Salary Band1 (0-20,000) in which 162 respondents fall, Salary Band2 (20,000-27,000) which included 164 respondents, Salary

Band3 (27,000-35,000) consisted of 165 respondents, and Salary Band4 (Above 35,000) which included 116 respondents. The experience variable is also divided in four categories and out of 607 respondents 210 were the individuals who had the experience of 0-4 years, 130 respondents had experience of 4-6 years, 148 respondents had the experience of 6-9 years and rest 119 respondents had the experience of above 9 years.

To collect data standardized questionnaire developed by Chattopadhyay and Agrawal (1976) has been used for the data collection for the same study. The questionnaire used consist of two categories i.e. the demographic description of the employees working in different organisations (which includes gender, experience, qualification, salary, managerial cadre etc.) and the second category includes Organizational Climate Inventory developed by above mention scholars which consist of 70 questions and describe the diverse factors of organisational climate i.e. performance standards, communication flow, reward system, responsibility, conflict resolution, organisational standards, motivational levels, decision-making process, support system, warmth, and identity problems. However in the present study composite aspect of organisational climate which is inclusive of all above-mentioned factors has been examined. The collected data has been analysed by applying relevant statistical techniques i.e. mean score, standard deviations, and F-test (ANOVA). The F-test i.e. has been used to ascertain whether the employees' perception on different aspects of the study as mentioned in the objectives of the study differ significantly or not.

Results and Discussion

The results obtained from the study have been presented as per Table-3 which brings out the statistical analysis of the collected data and it shows significant variations in the corporate perception of overall organizational climate and the same has been discussed henceforth under distinct heads:

Sectoral Analysis of Organisational Climate:

On the basis of serving sector of the employees there are two types i.e. public sector and the private sector. To judge the variations in the organisational climate of both the sectors, mean score of these two sectors are calculated which comes out to be 226.27 (public sector) and 232.52 (private sector) and to ascertain the significance of variance F-test has been applied which brings out an F-value of 3.83 and the statistical significance i.e. p-value of 0.05 which is significant at .05 level of significance. Hence the results lead to the rejection of the null hypotheses (H01) i.e. 'there is no significant difference in the perception of employees regarding organisational climate in different public and private sector organisations'. Hence it is concluded that the significant variations have emerged in the corporate perception of overall organisational climate in public and private sector organisations.

Operational Analysis of Organisational Climate:

On the basis of types of operations there are two types of organisations i.e. manufacturing organisations and the service organisations. After analysing the data, no significant variations has been found in the organisational climate of manufacturing organisations and the service organisations. The calculated mean score of both the categories has been found to be 231.88 (manufacturing sector) and 231.51 (service sector) respectively. The analysis brings out the F-value of 0.028 with the statistical significance i.e. p-value of 0.868 and the same is not found to be significant at 0.05 level of significance. Hence the results recommend the acceptance of the null hypothesis (H02) i.e. 'there is no significant difference in the perception of the employees regarding organisational climate in different manufacturing and service sector organisations'.

Demographical Analysis of Organisational Climate:

According to Managerial Cadre: The managerial

cadre of the employees have been alienated in three hierarchical levels i.e. top level, middle level, and operative level. Table-3 shows the mean score of these three hierarchical levels to be 232.07, 232.32 and 229.87 respectively. The application of ANOVA brings out the F-value as 0.438 and p-value (statistical significance) 0.645 which signifies insignificant variations across three categories of managerial cadre. Hence we should accept the null hypothesis (H03) i.e. 'there is no significant difference in the perception of the employees regarding organisational climate with respect to their managerial cadre'.

According to Gender: It can be visualized from the Table-3 that views of male and female respondents differ significantly with regard to their perception of overall organisational climate. Herein the mean score of 232.94 and 227.53 of males and female respondents respectively brings out the F-value of 4.647 and p-value of 0.032. These results led the researchers for the rejection of the null hypothesis (H04) i.e. 'there is no significant difference in the perception of employees regarding organisational climate with respect to the gender' which signifies that perception of male respondents is significant different from the female respondents.

According to Qualifications: According to the academic qualifications the respondents have been categorized in three layers i.e. post-graduate, graduate and under-graduate. The Table-3 shows the calculated mean score of 234.37 (post graduates), 229.23 (graduate) and 229.25 (under graduates). The F-value and p-value emerged to be 1.064 and 0.042 respectively which leads to the rejection of the null hypothesis (H05) i.e. 'there is no significant difference in the perception of employees regarding organisational climate with respect to their qualification'.

According to Salary Band: Table-3 shows that the calculated mean score of Salary Band1 (Upto 20,000) is 231.25, Salary Band2 (20,000-27,000) is 232.40, Salary Band3 (27,000-35,000) is 232.55 and Salary Band4 (Above 35,000) is 230.47. Application

of ANOVA brings out the F- value of 0.204 and p-value of 0.894 and signifies the non-prevalence of significant difference across four salary bands of the employees. Hence the null hypothesis (H06) i.e. 'there is no significant difference in the perception of employees regarding organisational climate with respect to their salary band' is accepted.

According to Experience Band: The calculated mean score of respondents across the four categories of experience band has found to be 232.7 (0-4 years experience), 231.95 (4-6 years experience), 232.3 (6-9 years experience), and 229.2 (above 9 years experience). The statistical significance i.e. p-value which emerged to be 0.688 leads to acceptance of the null hypothesis (H07) i.e. 'there is no significant difference in the perception of employees regarding organisational climate with respect to their experience band'.

Conclusion

It goes beyond saying that organisational climate describes the morale and perceptions of the organisation and is quite subjective in its description. Yet the employees' perception of the same leads to the diversity in image building of the organisation. Organizational climate is the thing on which the smooth working of any organization depends so it is very essential to study the organizational climate and various factors which directly or indirectly influence the culture and climate of any organization. The results of the present study bring out many interesting facts which may help the future organisation in reshaping their climate. From the results obtained significant variations have emerged in the corporate perception of overall organisational climate on the basis of serving sector i.e. public/private sector, gender of the respondents, and the academic qualifications of the respondents. On rest of the dimensions of the study i.e. category of the operation (manufacturing/service operations), managerial level of the respondents, salary band of the employee, and work experience category of the employees band, no significant differences have been

found in the respondents' perception of the overall organizational climate of the corporate sector.

References

1. Adenike Anthonia (2011), "Organizational Climate as a Predictor of Employee Job Satisfaction: Evidence from Covenant University", *Business Intelligence Journal*, Vol.4, No.1, pp 151-165.
2. Bhutto N A, Laghari M K Butt, Falah-ud-Din (2012), "A Comparative Study of Organizational Climate and Job Satisfaction in Public, Private and Foreign Banks", *Asian Social Science*, Vol. 8, No. 4, pp. 259-267.
3. Chattopadhyay S and Agrawal K G (1976), Organizational Climate Inventory, *National Psychological Corporation*. Agra. India
4. Denison D R. (1990), *Corporate Culture and Organizational Effectiveness*, New York, John Wiley and Sons Publication.
5. Denison Daniel R (1996), "What is the Difference between Organizational Culture and Organizational Climate? A Native's Point of View on a Decade of Paradigm Wars", *The Academy of Management Review*, Vol. 21, No. 3, pp. 619-656.
6. Fritsch Ludwig (2009), Effective HR Systems: The Impact of Organizational Climate and Organizational Strategy on Strategic Behaviour, University of Twente: *Industrial and Organizational Psychology* (Unpublished Bachelor Dissertation).
7. Glisson C and James L R (2002), "The Cross- Level Effects of Culture and Climate in Human Service Teams", *Journal of Organizational Behaviour*, Vol 23 (6), pp. 767-794.
8. Lather A S, Puskas J Singh, A K, Gupta N (2010), "Organizational Culture: A Study of Selected Organizations in the Manufacturing Sector in NCR", *Agriculture Economics-Czech*, Vol.56, No.8, pp.349-358.
9. Mahal Prabhjot Kaur (2009), "Organizational Culture and Organizational Climate as Determinant of Motivation", *The IUP Journal of Management Research*, Vol. 8, No.10, pp. 38-51.
10. Naimatullah Shah and Zahir Irani (2010), "Examining Employee Attitudes and Behaviors towards Organizational Change Using Supervisor and Peer Relations": *European, Mediterranean and Middle Eastern Conference on Information Systems*, April 12-13, Abu Dhabi, UAE.
11. Nour M, Yaghoubi J, Moloudi A H (2010), "Relationship of Organization Culture and Organizational Intelligence in Public Organization", *Business Management Quarterly Review*, Vol. 1, No.1, pp. 1-8.
12. Ojo Olu (2009), "Impact Assessment of Corporate Culture on Employee Job Performance", *Business Intelligence Journal*, Vol. 2, No. 2, pp. 388-397.
13. Parker C P, Baltes, B B, Young S A, Huff J W, Altmann R A, Lacost H A, and Roberts J E (2003), "Relationships Between Psychological Climate Perceptions and Work Outcomes: A Meta-Analytic Review", *Journal of Organizational Behavior*, Vol. 24, No. 4, pp. 389-416.

14. Purohit Bhaskar and Wadhwa Ashok (2012), "*Organisational Climate from view point of Motivation in District Hospital, India*", *Health*, Vol. 4, No.7, pp. 400-406.
15. Rabia I S, Tahir Haq Ansis-ul, M and Fatima A (2010), "Organizational Climate as Predictor of Innovative Work Behavior", *African Journal of Business Management*, Vol. 4, No. 15, pp. 3337-3343.
16. Riggle Robert J (2007), The Impact of Organizational Climate Variables of Perceived Organizational Support, Workplace Isolation, and Ethical Climate on Salesperson Psychological and Behavioral Bork Outcomes, University of South Florida (USF): USF Graduate School (Unpublished Graduate Dissertation).
17. Singh A K (2010), "Impact of the HRM Practices and Organization Culture on Managerial Effectiveness in Public Sector Organizations in India", *Agriculture Economics,-Czech*, Vol. 56 (8), pp. 379-386.
18. Zain Z M, Ishak, R Ghani, E K (2009), "The Influence of Corporate Culture on Organisational Commitment: A Study on a Malaysian Listed Company", *European Journal of Economics, Finance and Administrative Sciences*, Vol. 17 (2009),

Table-2:

Demographic Profile of the Employees and Organizations		
Particulars	No. of Respondents	% of Employees
Managerial Level		
Top Level(m)	116	19.1
Middle Level(n)	365	60.1
Operative Level(o)	126	20.8
Gender		
Male	473	78.3
Female	132	21.7
Type of Organization		
Public Sector	73	12
Private Sector	534	88
Category of Operation		
Manufacturing	414	68.2
Service	193	31.8
Qualification		
Post Graduate(x)	250	41.2
Graduate(y)	149	24.5
Under Graduate(z)	208	34.3
Salary		
Salary Band1 (Upto Rs. 20,000)	162	26.7
Salary Band2 (20,000-27,000)	164	27
Salary Band3 (27,000-35,000)	165	27.2
Salary Band4 (Above Rs. 35,000)	116	19.1.
Experience Band		
0 – 4 years	210	34.6
4 – 6 years	130	21.4
6 – 9 years	148	24.4
Above 9 years	119	19.6

Table-3
Variations in Organizational Climate of Corporate Sector

Variables	Sub-Category Demographic Variables	Mean	S.D.	F-Value	Statistical Significance (p-value)	Remarks
Managerial Level	Top	232.07	20.95	0.438	0.645 <0.05p	NS
	Middle	232.32	23.81			
	Operative	229.87	25.32			
Gender	Male	232.94	25.62	4.647	0.032* >0.05p	S
	Female	227.53	25.12			
Type of Organisation	Public Sector	226.27	20.95	3.83	0.05* <0.05p	S
	Private Sector	232.52	26.09			
Category of Operation	Manufacturing	231.88	27.16	0.028	0.868 >0.05p	NS
	Service	231.51	21.93			
Qualification	Post Graduate	234.37	21.82	1.064	0.042 <0.05p	V
	Graduate	229.23	30.17			
	Under Graduate	229.25	25.83			
Salary Band	Salary Band1 (Upto 20,000)	231.25	25.25	0.204	0.894 <0.05p	NS
	Salary Band2 (20,000-27,000)	232.40	24.87			
	Salary Band3 (27,000-35,000)	232.55	27.18			
	Salary Band4 (Above 35,000)	230.47	25.00			
Experience Band	0 – 4 years	232.7	26.66	0.492	0.688 >0.05p	NS
	4 – 6 years	231.95	27.34			
	6 – 9 years	232.3	22.49			
	Above 9 years	229.2	25.48			

Note: NS = Not Significant;

S = Significant

* Significant at the level 0.05 level.