



“INFLUENCE OF ORGANIZATIONAL CLIMATE ON EMPLOYEES’ COMMITTEMENT AND JOB SATISFACTION”

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ABSTRACT

Human resource of an organization is considered as the most important variable which affects the effectiveness of an organization. It is the only resource which can use all other resources to achieve organizational objectives. Since it is an important resource the satisfaction of human resource is equally important. Organizational Climate is one of the factors affecting the satisfaction of the employees. This study focuses on impact of different dimensions of Organizational Climate on job satisfaction & employees’ commitment. The objectives of this study are to find the relationship between Organizational Climate & job satisfaction as well as employees’ commitment. To undertake this study a questionnaire was developed based on important Organization Climate dimensions such as rewards, warmth, support & commitment, structure, risk & conflict, standards career development & growth, other factors etc. The questionnaire consisted 29 questions with a Likert scale. The sample size of the study was 52 based on random probability sampling method.

(KEY WORDS- Organizational Climate, Job Satisfaction, Employees Commitment, Career Development)

INTRODUCTION

An effective workforce & employee base is an asset for an organization as well as its integral part. Since organization & employees are mutually related, their success is interconnected. The success of the organization brings about welfare of the employees. This eventually leads to employee motivation, higher productivity, and the accomplishment of organizational goals.

Organisations in the 21st century are facing more challenges than ever before. These challenges are not unique to any specific organisations or industry, but affect all organisations, regardless of their structure or size. Organisational Climate is constantly challenged by changes impacting organisations today (Nair, 2006). To survive and outdo their competitors, organisations are constantly seeking to improve their performance.

The concept of organizational climate was developed in the late 1930s by the social scientist, Lewin et al (1939). They used social climate term to describe subjective feelings or atmosphere they encountered in their studies of organizations. Since 1980s the concept of climate has seemed to have lost its appeals to organizational researchers (Isaksen et al, 1995). In its place organizational culture, which came from the field of anthropology, was introduced.

PART 1

ABOUT THE INDUSTRY-1

Conmat Group of Industries started in 2002 from a small 200 Sq. ft. rented space to manufacture material handling systems, and diversified into Concrete Construction Equipment in 2009 at Vadodara. The moment of glory came with equity partnership from the Global giant KYB Corporation of Japan in 2012, which is a trusted name and market leader in Concrete Equipment Industry. Today the group has 70 manufacturing locations in 34 countries, having annual turnover of over 21000 crores and employing over 12500 professionals.

ABOUT INDUSTRY - 2

Sany Group is a leading enterprise of high-end equipment manufacturing industry with over 20 R&D centers and manufacturing bases all over the world. SANY market value exceeded USD 20 billion in 2019, ranking among the top 3 global construction machinery manufacturers.

Currently SANY has built 25 manufacturing bases, and over 100 offices with more than 400 agents and 8,000 suppliers worldwide.

Overview of the World Market

The global construction equipment market size was estimated at USD 124.7 billion in 2019 and it is anticipated to expand at a CAGR of 4.3% from 2020 to 2027. Increasing investments by governments across the world for developing public infrastructure has been one of the prime factors driving the market demand for this equipment. Furthermore, the growing population in emerging economies such as India has resulted in increased residential and commercial construction activities. Thus, the market is anticipated to grow steadily over the forecast period.

Overview of the Indian market

India concrete equipment market is projected to cross \$ 1,300 million by 2024, exhibiting a CAGR of 13% on account of anticipated growth in construction industry, increasing foreign investments, and rising number of smart city projects in the country. Based on value, batching plant segment is the largest segment in India concrete equipment market. The growth of the segment is led by growing customer preference for high capacity and technologically advanced batching plant. Moreover, factors such as increasing number of construction projects, shorter completion time, and demand for customized solutions by end-users are further fuelling growth of this segment.

GROWTH OF THE CONCRETE CONSTRUCTION EQUIPMENT

MARKET IN INDIA

- ◆ Rapid urbanization, growing population, increasing government spending in infrastructure projects, the inflow of foreign direct investment are the major drivers boosting the demand for construction equipment in the country.
- ◆ In terms of equipment types, the construction equipment market is mainly dominated by earthmoving equipment segments such as loaders, excavators, and cranes.

Major companies in the industry

- ◆ The table shows the list of top and the best construction equipment manufacturing companies:
 - ◆ [L&T Construction Equipment](#)
 - ◆ [Volvo Construction Equipment India](#)
 - ◆ [Hyundai Construction Equipment](#)
 - ◆ [Mahindra & Mahindra Ltd., Construction Equipment](#)
 - ◆ [Caterpillar](#)

What is Organizational Climate?

- ◆ The concept of Organizational Climate (also known as Corporate Climate).
- ◆ Organizational Climate refers to a set of measurable properties of the work environment that are supposed by the people who live and work in it and influence their behavior and motivation.
- ◆ According to Forehand and Glimer, "Climate consists of a set of characteristics that describe an organisation, distinguish it from other organisations are relatively enduring overtime and influence the behavior of people in it".
- ◆ Organization Climate is a unique way in which the people experience their work environment. One can understand the meaning of "climate "when one tries to seek the answer to the following questions:
 1. How does it feel to work here?
 2. How do individuals and employees feel while operating in this culture?
 3. How do the management decisions affect the employees & their work?
 4. What impact does leadership have on the employees?

5. When one studies these & such other questions, he/she is evaluating the organization climate

FACTORS INFLUENCING ORGANIZATIONAL CLIMATE; -

According to Litwin & Stringer organizational factors are affected by 6 factors:

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1. Organizational Structure

It deals with the superior subordinate relationship, formal & informal structures, span of management, rules & regulations etc.

2. Individual Responsibility

Feeling of autonomy of being an own boss, authority, decision making power etc.

3. Rewards

The rewards & incentives associated with job and with achievement of objectives.

4. Risk & Risk taking

Involvement of risk & challenges in the work. How far the need of achievement is satisfied, (NACH).

5. Warmth & Support

It deals with the feeling of co-operation, friendship & helpfulness in the workplace.

6. Tolerance & Conflict

It deals with the feeling that the organizational climate accommodates differing views.

IMPACTS OF ORGANIZATIONAL CLIMATE

Organizational Climate influences the performance of the employees to a great extent. In specific terms it affects the motivation level & job satisfactions of employees. Satisfaction & motivation in turn leads to the efficiency & performance of employees. Thus, organizational of employees. Thus, Organizational Climate & Efficiency of employees are directly related.

The Organizational Climate affects the employee's behavior in 4 different ways:

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1. Constraint System

2. Evaluation of Self & Others

3. By Acting as a Stimuli

4. By helping the individual to form a perception

LITERATURE REVIEW

Introduction: -

An extensive review of literature on the subject has revealed through various approaches to study of Organizational Climate. One approach assumes Organizational Climate to be an attribute of the organization and independent of any individual who might provide data about it.

Out of the various Literature Reviews, one study gives out the following conclusions:

- I. Employees who are highly satisfied with the organizational climate have more passion for their work.
- II. The higher the satisfaction with organizational Climate, the higher the employee's organizational commitment.
- III. There is a positive relationship between Organizational Commitment.

One another study was based on the following parameters: -

1. Role and responsibility
2. Objectives and goals
3. Leadership and management
4. Work environment
5. Performance management
6. Career goal opportunities
7. Work life balance
8. Rewards and Recognition
9. Pay and benefits

Yet another study considered various parameters as far as the organizational climate is concerned. They named them Organizational Climate factors (ocf). They considered the following factors:

1. Interpersonal Relationship
2. Participative management
3. Formulization & Standardization
4. Training & Development
5. Monetary benefits
6. Objectivity & Rationality
7. Scope for advancement
8. Supervision
9. Concern for Welfare
10. Safety and security

Out of the various relevant studies reviewed, one study concluded that the organizational climate had strong relationship with effectiveness and commitment.

They suggested that the organization should provide employees with different activities from time to time. So that, their satisfaction can be boosted. The results of this study implied that the management should follow democratic style of leadership to increase the Organizational Climate effectiveness and allow the worker to take their own decisions. The management should be consulted for important matters only. Guidance should be given to the employees instead of orders. Proper incentives and rewards should be given to employees so that they can feel committed towards the organization.

One of the studies finally concluded that the Organizational Climate significantly affected job satisfaction. The employees with clear and effective incentives had better job satisfaction and a feeling of higher job security.

It was also found that salary & pay were the most important variables which can provide incentives to the employees. They made the employees feel secured & satisfied.

The result of this particular study showed that there is a significant relation between Organization Climate & employee engagement. The study focused on Organizational Climatic factors such as structure, responsibility standards, support, commitment, reward, risk & conflict, warmth etc that affects the employee's behavior and acts as a driver for engaging the bank employees.

Further, it was also suggested that there should be frequent & regular meetings between employees & managers to discuss about the improvement in the company, at a workplace.

One identified the unique importance of Organizational Climate in relation to job satisfaction among academics in the university which affect the realization of the institution's vision.

They identified various climatic variables that affected the job satisfaction of the employees. These variables are experience in the university, rank in the university, line of communication, administrative style, supervisor support, promotional opportunities, workload, etc.

They identified the job satisfaction variables like decision making challenging job, Boredom, Fringe benefit, Personnel policy, career, etc. They concluded that they were strong & significant impact of climatic variables on job satisfaction.

One study considered manager-employee relationship, working conditions, remuneration, work allocation etc. as significant factors in

It was concluded that the relation between the managers & employees is an indicator of the level of employee well-being at the workplace. There was also

a strong relation between working condition and the employee well-being. Even the relationship between remuneration & employee well-being was found to be significant. All the Organizational Climatic factors were found to be statistically significant which implies that they are predictors of employee well-being.

Yet another study considered the Organizational Climatic factors with response to fair remuneration, recognition & effective communication. It was concluded that Organizational Climate is an independent variable & Job Satisfaction is a dependent variable. It was found that Organizational Climate has a moderate on influence of Job Satisfaction. It was highly recommended for the organisation to concentrate on the other climate factors such as rewards, decision making authority to be improvised to make the employees work towards the objectives & goals of the organisation. It was also suggested that the organization should provide fair remuneration to the employees to retain them.

One of the study reviews gave the following findings: -

1. 58% employees thought that their jobs made good use of their skills & abilities.
2. 51% employees were satisfied that their objectives & goal were cleared while 62% employees were satisfied with the organizations policies.
3. 38% employees were satisfied with the prevailing work environment while 50% employees were satisfied with the prevailing performance management system.
4. About 18% employees were satisfied with the career goal opportunities while 23% employees were satisfied with the quality off work life.
5. Around 40% employees were satisfied with the pay benefits reward they received

BACKGROUND OF THE STUDY

Employee behavior in organizations is a result of their personal characteristics as well as the environment in which they perform. Employees' job attitudes are affected by a wide range of Organizational characteristics and social relationships, which form the employees' work environment. When referring to employees' perceptions of their working environments, it is possible to find a variety of terms and definitions such as Organizational Climate, psychological climate, collective climate, and organizational culture. Organizational Climate is one of the most important matters regarding organizational environment, which has a direct relationship with employee behavior.

This study focuses on the Organizational Climate & Job Satisfaction of Employees in the Engineering firm. The survey may prove to be useful for management of this firms to know the causes & mediating factors of employee commitment & performance. The management may put efforts in improving the Organizational Climate. This may result into higher job satisfaction & retention of employees.

RATIONALE OF THE STUDY

Organization Climate is one of the important topics in human resource management. Organizational Climate directly influences the employees Job satisfaction & commitment towards their work. The need for the study is to find out how environmental factors are associated with the job satisfaction & performance. Moreover, the factors influencing the Job satisfaction can also be identified and addressed.

OBJECTIVES OF THE STUDY

- To investigate the relationships between some characteristics of climate and employee satisfaction.
- To analyze the organizational factors which affect to employee satisfaction.
- To give recommendations for making improvements in the organizational climate.
- To examine the impact of communication, reward system & team work on employee performance.
- To examine the impact of direction, relationship & career- development opportunities on employee performance.

HYPOTHESIS OF THE STUDY

As a result, the literature review, the present study has adopted various hypothesis. They are as under: -

H1: - There is a positive relationship between Organizational Climate & Employee commitment.

H2: - There is a positive relationship between Organizational Climate & Job Satisfaction.

H3: - There is a positive relationship between Organizational Climate & Job Performance.

RESEARCH METHODOLOGY

The purpose of research methodology is to describe the research procedures. It includes the research design, sources of data, data collection method, sampling method etc. Methodology is a systematic procedure for collecting information in order to analyze and verify the phenomenon. The research design is purely the framework or plans for a study that guides the collection and analysis of data. It is a blueprint that is followed in completing a study. It may be worthwhile to mention here that a research design essentially the framework for the study.

This is a descriptive study which involves collection & analysis of the primary data collected with the help of structured questionnaires.

SCOPE OF THE STUDY

The scope of the study is to gain an insight into Organizational Climate prevailing at the Engineering Industry and observe the degree of satisfaction levels of the employees in the organisation. This study is an attempt to find out the root cause of problems related to employees with Organisational Climate and job satisfaction.

Keeping track with the advancement in country, engineering industry is showing huge growth and carries great significance because of the stiff competition. The two organizations under study are one of the most organizations of this industry. This study is an attempt to find out the main cause of problems related to managers with Organizational Climate and job satisfaction. The managerial level cadre of employees were taken into consideration for the purpose of the study.

SOURCES OF DATA

For this study, primary data as well as secondary data is been used. The population of this study consist of the employees of two different companies viz Conmat & Sany.

SAMPLE SIZE

To achieve the objective of the study minimum 52 questionnaires were distributed to the employees of both the organizations together.

DATA COLLECTION METHOD & INSTRUMENT

To this study questionnaire was prepared and distributed among the respondents. The questionnaire consisted of 27 question & it was divided into 10 parts. Part 1 included the personal details while part 2 included the details related to work. Part 3 gathered the information about the reward system prevailing in the organization, part 4 gave the information weather there was warmth relationship among people, part 5 was related to the atmosphere of support & commitment in the organization., part 6 talked about the organizational structure while part 7 gave the information about state of risk & conflict in the organization, Part 8 give information about the standards set in the organization, part 9 gives information about career- development & growth opportunities , while rest other factors are included in part 10.

TOOLS OF DATA ANALYSIS

The tools used for data analysis were pie-chart & percentage analysis.

RESULTS & FINDINGS: -

After considering the response of the employees following interpretation can be presented: -

- When asked about the existence of fair reward & recognition procedure, 11 (21%) employees strongly agreed, 27 (52%) agreed, 7 (13%) employees were neutral, 5 (10%) employees fairly disagreed & 2 (4%) employees strongly disagreed.
- When the employees were asked whether the reward was in proportion to their job performance, they gave a mixed response. 29% strongly agreed, 38% agreed, 21% were neutral, 10% fairly disagreed & 2% strongly disagreed.
- As a response to the existence a promotion system in the organization, 15% strongly agreed, 48% fairly agreed, 20% were neutral, 15% disagreed & 2% strongly disagreed.
- When asked about the existence of fairly atmosphere in the organisation 17% strongly agreed, 38% fairly agreed, 21% were neutral, 22% disagreed & 2% strongly disagreed.
- The employees were asked about the existence of warmth relationship between management and employees.21% employees strongly agreed to

it, 27% fairly agreed, 40% employees were neutral, 8% fairly disagreed while 4% employees strongly disagreed.

- When the employees were asked about the existence of relaxed & comfortable working climate 14 employees out of 52 strongly agreed, 10 of them fairly agreed, 9 were neutral, 14 disagreed to a fair extent and 5 strongly disagreed.
- As far as the behavior of the employees towards each other was concerned very few people had a strong agreement & disagreement. 22 employees out of 52 agreed, 17 were neutral & 10 disagreed.
- When the employees were asked whether they feel like a member of well functional team 23 out of 52 agreed, 10 of them were neutral, 10 disagreed, 7 strongly agreed & 2 strongly disagreed.
- When a question regarding expecting help from superiors was concerned, 10 employees out of 52 were strongly agreed, 17 agreed, 12 were neutral, 9 disagreed & 4 strongly disagreed.
- 5 people out of 52 strongly agreed that other people in the organization look out for their interest. To this, 10 people agreed, 23 were neutral & 14 disagreed to smaller or bigger extent.
- As far as trusting each other is concerned 8% employees strongly agreed, 13% agreed, 19% were neutral, 38% disagreed & 22% strongly disagreed.
- When asked about clarity regarding formal authorities, 13% employees strongly agreed, 21% fairly agreed, 40% were neutral, 21% disagreed & 5% strongly disagreed.
- When the employees were asked about their jobs being clearly defined and logically structured, 8% employees strongly agreed, 11% fairly agreed, 58% were neutral, 23% disagreed & 0% strongly disagreed.
- The employees were asked the question whether the management believes the conflict to be healthy in the organisation, 12% employees strongly agreed, 31% fairly agreed, 19% were neutral, 27% disagreed & 11% strongly disagreed.
- 6% employees strongly agreed, 12% fairly agreed, 54% were neutral, 24% disagreed, 4% strongly disagreed. When they were asked whether a person can make a good impression by open argument & by clearing disagreement.
- The employees were asked whether the organization had a philosophy that being slow & steady can achieve fast results. To this question 4 employees out of 52 strongly agreed, 18 fairly agreed, 17 were neutral, 10 disagreed & 3 strongly disagreed.
- As far as arriving at a quick decision in a meeting is concerned, 1 employee out of 52 strongly agreed, 23 fairly agreed, 16 were neutral, 11 disagreed & 1 strongly disagreed.

- When asked whether management believes that there is a scope of improvement, 8 employees out of 52 strongly agreed, 20 fairly agreed, 11 were neutral, 11 disagreed & 2 strongly disagreed.
- As far as setting high standards of performance is concerned employees gave mixed responses. Out of 52 employees 6 strongly agreed, 16 of them agreed fairly, 16 were neutral, 11 disagreed fairly & 3 disagreed strongly.
- As far as the feeling of pressure to improve performance is concerned, out of 52 7 employees strongly agreed, 7 fairly agreed, 21 were neutral, 12 disagreed & 5 strongly disagreed.
- When asked regarding existence of high growth chances of career development, 17% strongly agreed, 41% agreed, 19% were neutral, 14% disagreed & 9% fairly disagreed.
- When asked about moving up in the career since joining 31% strongly agreed, 19% agreed, 29% were neutral, 17% disagreed & 4% fairly disagreed.
- The employees were asked whether their superior & colleagues try to enhance their career by positive inputs to this, 15% strongly agreed, 33% agreed, 25% were neutral, 23% disagreed & 4% fairly disagreed.
- As far as relevant & proper training being given is concerned 15% strongly agreed, 37% agreed, 31% were neutral, 12% disagreed & 5% fairly disagreed.
- When the employees were asked whether training certificates are issued to them, they had mixed responses out of 52 10 strongly agreed, 13 agreed, 10 were neutral, 12 disagreed & 7 strongly disagreed.
- As far as providing decision making authority to employees is concerned out of 52 5 strongly agreed, 20 agreed, 20 were neutral, 4 disagreed & 3 strongly disagreed.
- When asked whether the organization provides them with challenging job & sense of achievement out of 52, 2 strongly agreed, 17 agreed, 20 were neutral & 13 disagreed.
- As far as the existences of employee-oriented policy in the organization is concerned, 2 employees strongly agreed, 6 agreed, 30 were neutral, 10 disagreed & 4 strongly disagreed.
- When asked whether due importance was given to growth & career, 8 employees strongly agreed, 15 agreed, 14 were neutral, 10 disagreed & 5 strongly disagreed.

LIMITATIONS: -

The limitations of the study are: -

- I. The sample size was restricted to only 52 employees of 2 organizations.
- II. The study was conducted over a period of 2 months which is too short to study the impact of organizational climate on employee commitment & performance.
- III. Some employees were reluctant to answer the questions as they felt that their personal opinions may be taken negatively by the management resulting in difficulties for them.
- IV. Due to Covid-19 conditions throughout the world some respondents were given the questionnaire online. They found it little difficult to respond.

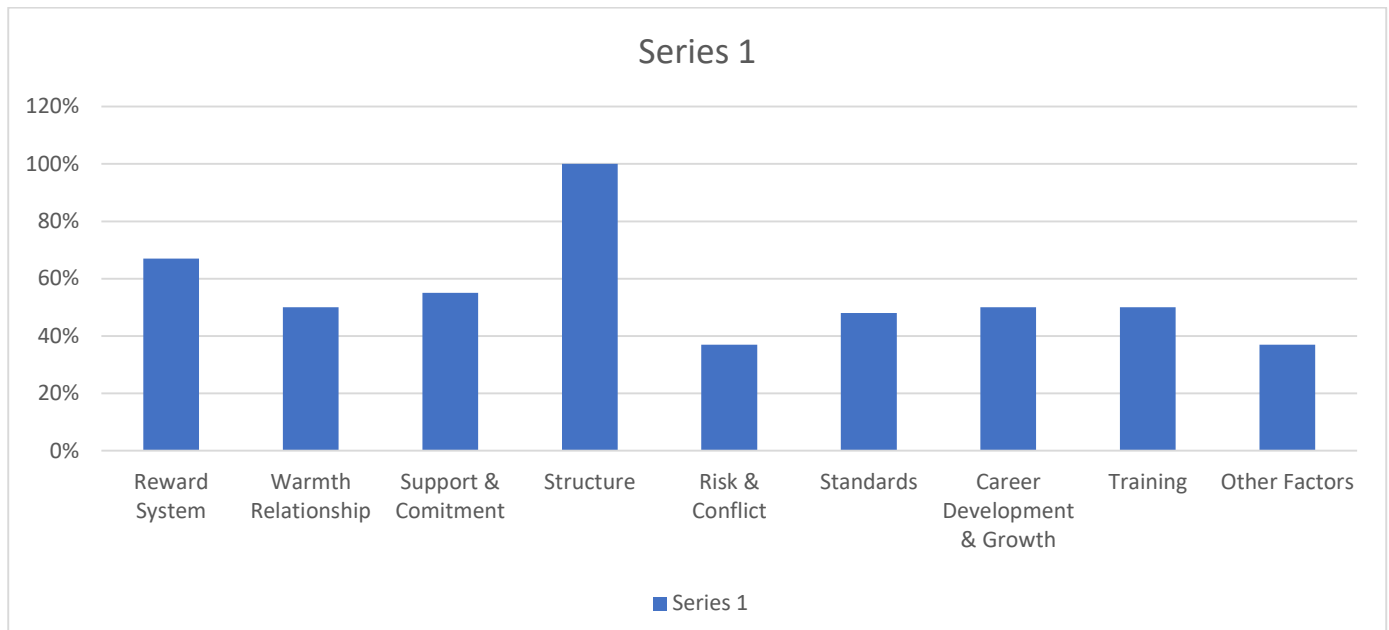
CONCLUSIONS: -

The influence of climate was studied in this project. Its influence on various aspects of job satisfaction was considered. These aspects are: -

- A. Warmth relationship
- B. Reward System
- C. Support & Commitment of the other employees
- D. Organizational Structure
- E. Extent of risk & conflict
- F. Objective standards
- G. Opportunities of career growth & development
- H. Training
- I. Other factors like authority

- Almost, 67% employees are satisfied with the reward system that the organization follows.
- 50% employees have warmth relationship with their co-employees.
- 55% employees get sufficient support from their superiors & seniors' colleagues. Hence, they show commitment to words their organizations.
- 100% employees are satisfied with the structure of the organization.
- Around 37% of employees are satisfied with the extent of risk & conflict that prevails in the organizations.
- 48% of employees are happy with the objectives standards that are set by the organizations.
- 50% employees are satisfied with the opportunities of career development & growth that the organization provides.
- 50% of employees are satisfied with the training provided by the organization.

- 37% of employees find other factors satisfactory like employees-oriented personnel policy, the extent of decision-making authority etc.



Out of 29 questions asked in the questionnaire, 5 questions were negative in nature. Only 31% of the employees agreed to these negative questions related to a few aspects of the economy. Rest around 70% of people disagreed to those negative questions.

- Hence, it is concluded that there is an overall positive relationship between organizational climate & employees’ commitment.
- There exists a positive relationship between organizational climate & job satisfaction.
- There prevails a positive & direct relationship between organizational climate & job satisfaction.

SUGGESTIONS: -

Organizational climate has direct & positive relationship with employee commitment, job performance & job satisfaction.

In order to increase these aspects, the organization is suggested to: -

- Make the reward system more attractive.
- Maintain warmth relationship among the employees.
- Enhance the support & commitment of employees with each other.
- Build an employee’s friendly organizational structure having open communication & better grievance redressal system.

- Minimize risk & conflict in organizational working.
- Set standards that reveal the employee's latent talent thereby improving their performance.
- Provide more & better opportunities for career development & growth.
- Design & provide modern & relevant training to the employees.
- Delegate required authority to the employees & enhance their decision- making skills.
- Make personnel policies more employees oriented.

