

A Study of organisational Climate in Nationalized Banks of India and its Relation to Employee Commitment

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Abstract: The twenty first century has witnessed several mergers & acquisitions in pursuit of growth. These changes influence and at times dramatically change the organisational climate of the entities involved. The forces of constant change, innovation, competition, mergers, acquisitions etc. determine the growth and climate of modern day business organisations.

The purpose of this study was to examine the relationship between organisational climate and employee's commitment in the banking context. A sample of 120 respondents from banking organisations has been studied and the results reveal that the involvement of employees in decision making, and employee's attribution style affects the commitment level in a meaningful way. Moreover the individuals who own the responsibility of their behavior revealed better commitment towards their organisation.

Introduction:

For success of any organisation, there is a great need for the presence of job satisfaction, a congenial and healthy organisational climate and constructive behavioral aspects among workforce. organisational climate is a significant tool for utilisation of human resources and also it is a major motivating factor responsible for satisfaction and dissatisfaction of employees.

Every organisation that strives for profit, progress and sustained development must adopt strategies aimed at enhancing the commitment level of its employees. organisational Climate is considered as a predictor of employees' commitment and improved performance. It is clear that behavior is a function both of person's characteristics and the nature of his or her environment - an important environmental feature in work settings. This paper provides evidence that organisational climate (supportive management, clarity, self expression, contribution, recognition, challenge) is positively associated with employees' commitment. The results suggest that commitment could be enhanced by building a supportive organisational climate.

Organisational Climate:

Organisational climate affects each activity in an organisation directly or indirectly. The growth of an organisation is directly related to the climate. One of the key factors that may influence employees' commitment is organisational climate. organisational climate helps to set the tone of the organisation.

Organisational climate refers to the "shared perception of

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organisational policies, practices and procedures, both formal and informal" (Reichers & Schneider, 1990). Although climate and culture are similar concepts, culture differs in that it refers to the deeper unconsciously held assumptions that help to guide organisational members (Schein, 1985). Climate can best be characterised as a manifestation of culture (Schein, 1985). Research suggests that employee commitment may be affected by the prevailing organisational culture. Therefore, organisational climate is an important factor that needs to be examined as a precursor of employee commitment.

Wallach (1983) defines supportive climate as those incorporating values such as harmony, openness, friendship, collaboration, encouragement, sociability, personal freedom, and trust. Earlier research has suggested that support for the employee from the organisation is an important part of the organisational milieu (Roethlisberger & Dickson, 1939). A positive relationship has been found between employees' perceptions of being valued and cared about by the organisation and (a) conscientiousness in carrying out conventional job responsibilities, (b) expressed affective and calculative involvement in the organisation and (c) innovation on behalf of the organisation in the absence of anticipated direct reward or personal recognition (Eisenberger, et. al.,1990). organisational support for the employee appears to create a metaphorical credit account upon which the organisation can draw in times of need, allowing flexibility when faced with demanding conditions. However, the credit limit is not always known and must be maintained through honest support for the employee, which can be achieved with appropriate organisational management practices. This is important when considering employee involvement, particularly when the organisation is seeking to implement employee involvement programs. Shore and Wayne (1993) found that perceived organisational support, such as organisational citizenship and impression management, was a strong predictor of employee behavior. The perception of

employees that employee involvement programs can create benefits for the organisation and the individual may well rest on the positive feelings of organisational citizenship that are generated through supportive organisational climates. It is likely that a supportive climate will enhance teamwork and communication by creating an atmosphere of cooperation and openness.

The need for organisations to perform in a more competitive market place through the more efficient use of organisational resources has resulted in the examination of organisational innovation. In this study, innovative climates have been defined as risk taking, results oriented, creative, pressurised, stimulating, challenging, enterprising, and driving (Wallach, 1983). Since Burns and Stalker's (1961) early work, there has been a widespread view in the literature that innovative organisations are characterised by organic management systems that involve teamwork, lateral communications, and a blurring of job boundaries to facilitate the interaction of people participating in the work tasks. These findings have been reinforced in subsequent research, which indicates that organisations with innovative climate also tend to have innovative HR practices (Kanter, 1983). According to Dunphy and Bryant (1996), there is a relationship between self-managing teams and innovation. Team members interact with each other rather than relying on higher authorities for decisions and this increases the speed of innovation by hastening the decision making process. Similar results were found by Nicholson, Rees and Brooks-Rooney (1990) who noted that organisational climate was associated with innovations in HR.

In contrast to these general findings in the literature, some recent research has not supported the relationship between innovative climates and teamwork. For example, although Scott and Bruce (1994) found that innovative climate is positively related to individual innovation, they found no relationship between the quality of exchange among team members and perceptions of climate as supportive of innovation. Similarly, Tannenbaum and Dupree-Bruno (1994) have found no relationship between innovative supportive climate and innovative HR practices including employee involvement, communications, and team-building processes. Accordingly, the relationship between innovative culture and employee involvement needs to be clarified. We propose that innovative climates are likely to facilitate participation in decision making, teamwork, and communications. Because innovative climates involve creativity, are results oriented, and have a challenging environment, it is probable that this will require effective and open communications.

Employee Commitment:

Employee commitment has long been seen as an important aspect of organisational life and a key to achieving increased organisational effectiveness and positive employee perceptions. There is an assumption held by many academics and managers that if employees are adequately informed about matters that concern them and they are allowed to make decisions relevant to their work, then there will be benefits for both the organisation and the individual. On the other hand, if employees are not given sufficient information and work where little or no interaction with

fellow employees occurs, then it is unlikely that employees would be able to carry out their work satisfactorily. Employees' perceptions of their level of involvement in the organisation and the factors that contribute to these perceptions are therefore of considerable importance to researchers and practitioners. One of the key factors that may influence employees' commitment is organisational climate. organisational climate helps to set the tone of the organisation and can work to facilitate or impair employee commitment.

Employee commitment in an organisation affects the productivity and overall development of the organisation. Commitment with an organisation is an issue that is demonstrated by the various definitions. London & Howat (1979) defined commitment in terms of the identification with organisational goals, involvement with organisation's work role, and a feeling of loyalty and affection for the organisation.

The sense of loyalty and identification one feels towards the organisation is expressed in the motivation to bring effort into one's work, the motivation to take responsibility and willingness to learn (Nijhof, et al., 1998).

Andolsek and Stebe (2004) view commitment as an employees' orientation towards an organisation, which influences his/her involvement in its current and future operations. According to Meyer and Herscovitch (2001), commitment is a binding force that is experienced as a mind-set or a psychological state that leads an individual towards a particular course of action. organisational attachment, according to Tsui et al. (1995), is indicated by lack of absence, lack of turnover and lack of intention to leave the organisation.

Employees' commitment contributes greatly to organisation because they perform and behave on achieving organisational goals. There are four broad categories of issues that affect commitment: personal characteristic, role-related characteristics, employee participation, and work experiences.

Dunham et al. (1994) found that affective commitment, which is defined as the employee's emotional attachment to, identification with, and involvement in the organisation, was positively related to participatory management techniques. The direction of association is not clear. It could be that employees' feelings of commitment lead them to embrace opportunities for teamwork, participation in decision making, and communication. Alternatively, it could be that perceptions of involvement contribute to employees' commitment to the organisation. In either case, it seems clear that commitment and involvement are related, and practitioners need to take this into account when developing employee involvement programs. Although job satisfaction was also a predictor of employees' perceptions of teamwork, alongside organisational commitment, this factor was not as important as the commitment variable.

Objectives of the Study:

The following objectives were set for the study:

1. To examine the impact of organisational climate on employee's commitment

2. To measure the level of involvement of employees in organisational activities.
3. To facilitate the interaction of people participating in the work tasks.

Research Methodology:

Hypothesis

- H₀: Supportive organisational climate has no influence on Employee's commitment.
 H₁: Supportive organisational climate is positively related to Employee's commitment.

Method:

Sample and Procedure:

The sample for the study composed of employees from four Nationalised banks of India. Emphasis was placed on developing skills and flexibility, with a change program involving employees being responsible for the quality of their own work. Employees predominantly worked in formally designated teams to undertake their work activities, and process improvement teams were established to focus on specific gains. Data were collected using questionnaire method of all employees within the banks. Each participant was given a one-page outline of the purpose of the

survey with assurance that their responses would be kept confidential. Each participant was given a prepaid envelope in which to place the completed survey for return to the researchers. For the data analysis, a total of 120 questionnaires were used. The survey was constructed using a number of scales and questionnaires.

Measures:

All items were measured using a 5-point Likert-type scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Results & Conclusions:

Table 1: Descriptive Statistics

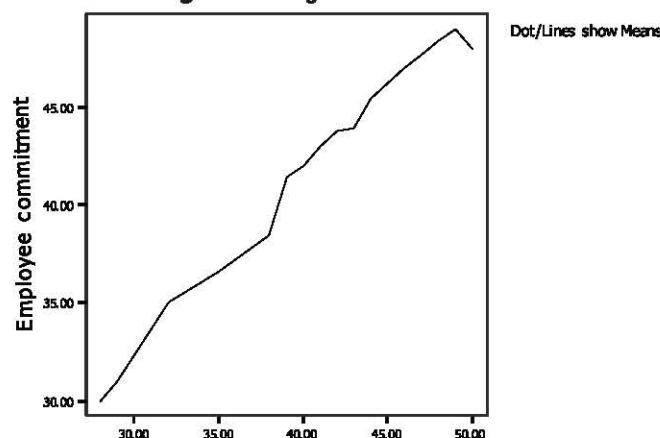
	Mean	Std. Deviation	N
Organisational Climate	42.433	4.291	120
Employee Commitment	43.625	4.083	120

Table 2 : Pearson Correlation

		Organisational Climate	Employee commitment
Organisational Climate	Pearson Correlation	1	.935(**)
	Sig. (1-tailed)	.	.000
	N	120	120
Employee Commitment	Pearson Correlation	.935(**)	1
	Sig. (1-tailed)	.000	.
	N	120	120

** Correlation is significant at the 0.01 level (1-tailed).

Figure 1 : Organisational Climate



It is clear from the table 2 that there exists very positive correlation between organisational climate and Employee commitment and is significant at 99% level of Significance.

Our null hypothesis is thus refuted at this level and we conclude:

1. The findings of this study point to the need for managers to understand the impact that organisational climate has on Employee Commitment. Although managers often assess organisational climate by getting a general "feel" for the organisation, this study has found that only a supportive climate was a constant significant predictor of the Employee Commitment. The results of this study suggest that organisational climate, when broken into its various subcomponents, can be used to better determine the effectiveness and progress of management systems.

2. Previous research on perceived organisational support has been based on social exchange theory and generally has not considered the supportive aspects of organisational climate and the role it plays in laying the groundwork for management practices and organisational strategies. Eisenberger et al. (1990) explain the process underlying employee conscientiousness, involvement, and innovation as caused by a social exchange occurring between the individual and the organisation. In terms of organisational commitment, for example, social exchange suggests that committed employees perceive the relationship between themselves and the organisation as favorable to the extent that the organisation supports and values the individual. This, in turn, facilitates reciprocity from the employee in the form of increased commitment, involvement and even performance or other benefits to the organisation (Eisenberger et al., 1990; Eisenberger et al., 1986; Shore & Tetrick, 1991).

The results of the analysis carried out in this article generally support this argument, at least in terms of the important role that support plays in relation to perceptions of commitment. Committed employees contribute greatly to organisations because they perform and behave on achieving organisational goals. If employees feel that they have the ability to influence what happens with their job and with the organisation because they have been given the opportunity to participate in the decision making process, then they will understand and cope with change more successfully and gaining the competitive advantage.

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