

ROLE OF ORGANISATIONAL CLIMATE ON EMPLOYEE JOB SATISFACTION: A CRITICAL STUDY ON INDIAN IT INDUSTRIES

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ABSTRACT

The paper aims to investigate the impact of organisational climate on employee satisfaction in the Indian IT organisations. Organisational climate has been measured on the basis of nine parameters that is :Role and responsibility, Objectives and goals ,Leadership and management work environment, Performance management, Career growth opportunities, Work life balance Rewards & recognition and Pay & benefit. The study determines the relation between components of organisational climate with Employee job satisfaction. The data was collected from five IT Companies in Delhi NCR. The result obtained highlights the positive relation between Organisational climate and Employee Job Satisfaction. A clear structure, chain of command, coordination mechanism, and communication systems enhance the performance of employees and increases job satisfaction among employees which results in positive organisational climate.

Keywords: Job Satisfaction, Reward, Performance Management, Work Life Balance, Leadership

Introduction

In the new liberalized scenario, where multinationals and other global players are competing in the domestic market with the monopoly players, the management of organisations is expected to be more productive and efficient for survival for this a right kind of work environment. Organisational climate is defined as the aggregated perceptions of individuals concerning the organisation - its degree of trust, conflict, morale, rewards equity, leader credibility, resistance to change and scape-goating (Burton et al., 2004). Litwin and Stringer define organisational climate as 'a set of measurable properties of the work environment, perceived directly or indirectly by

people who live and work in this environment and assumed to influence their motivation and behaviour. Organisational climate research has had a long and active history, with much of its foundation drawn from psychology. It is the psychological climate of the organisation. The definition of the psychological climate is precise; it refers to the perceptions held by the individuals about the work situation.

Organisational climate is the core circle of human environment in the boundaries of which the employees of an organisation works. Climate effects each activity in an organisation directly or indirectly and is affected by almost everything that occurs in the organisation. The survival and growth of any organisation is directly proportional to the favorable climate in it.

Organisation climate is of great significance for utilization of human relations and resources at all levels. Organisational climate has a major influence on motivation, productivity and job satisfaction. It is also a major motivating factor responsible for satisfaction and dissatisfaction of employees and affects the quantum of their turnover.

Organisational climate has also been defined as the “relatively enduring quality of the internal environment of an organisation that

- a) Is experienced by its members,
- b) Influences their behaviour, and
- c) Can be described in terms of the values of a particular set of characteristics (or attitudes) of the organisation”. (Taguiri and Litwin)

At its most basic level, organisational climate refers to employee perceptions of their work environment. Generally, these perceptions are descriptively based rather than value based. For example, the phrase, "I have more work to do than I can possibly finish" is a description of a person's workload, while the phrase "I like my job" is a positive evaluation of one's job. Thus, organisational climate is more than simply a summary of employee likes and dislikes.

JOB SATISFACTION

Job satisfaction is simply how people feel about their jobs and different aspects of their jobs. It is the extent to which people like (satisfaction) or dislike (dissatisfaction) their jobs. Scholars and human resource professionals generally make a distinction between **affective job satisfaction**

and **cognitive job satisfaction**. Affective job satisfaction is the extent of pleasurable emotional feelings individuals have about their jobs overall, and is different to cognitive job satisfaction which is the extent of individuals' satisfaction with particular facets of their jobs, such as pay, pension arrangements, working hours, and numerous other aspects of their jobs. At its most general level of conceptualization, job satisfaction is simply how content an individual is with his or her job.

Job satisfaction is considered a strong predictor of overall individual well-being (Diaz-Serrano and Cabral Vieira, 2005), as well as a good predictor of intentions or decisions of employees to leave a job (Gazioglu and Tansel, 2002). Job satisfaction is also important in everyday life. Organisations have significant effects on the people who work for them and some of those effects are reflected in how people feel about their work (Spector, 1997). This makes job satisfaction an issue of substantial importance for both employers and employees. As many studies suggest, employers benefit from satisfied employees as they are more likely to profit from lower staff turnover and higher productivity if their employees experience a high level of job satisfaction. However, employees should also 'be happy in their work, given the amount of time they have to devote to it throughout their working lives'.

RELATIONSHIP BETWEEN ORGANISATIONAL CLIMATE AND JOB SATISFACTION

There has been huge amount of studies on the relationship between organisational climate and job satisfaction. According to Gray (2007), a supportive work environment is related to employees' performance. He argues that a positive environment will result in motivated employees who enjoy their work. It therefore comes as no surprise that work climate is an excellent predictor of organisational and employee performance and an employee would be able to perform well only when he is satisfied. This will be depicted through his level of productivity. IBM recognizes the importance of workplace climate and the role it plays in the success or failure of organisations. A recent study at IBM showed that 25% variance in business results was directly attributable to variance in climate (Nair, 2006). Results from various surveys conducted at IBM reveal that there is a relationship between climate and the attraction and retention of employees, productivity and effectiveness which, when translated into results, shows growth in

sales and earnings, return on sales and lower employee turnover. IBM views climate as the key to business results, stating that motivated employees will be more productive, more passionate and more engaged, thus resulting in significant and cost-effective output.

Organisational climate focuses on organisational/institutional attributes as perceived by organisational members, while job satisfaction addresses perceptions and attitudes that people have towards and exhibit in their work. A number of research studies support this view. In their field experiments, Litwin and Stringer (1968) created different climates, and discovered that these contributed to different levels of employee satisfaction. As such, climate was viewed as a determinant of job satisfaction rather than being made redundant by the construct.

According to McGregor (1960), organisational characteristics such as its purpose, structure, the tasks to be performed, opportunities for promotion and the political nature of the work environment impacted on how people felt about their jobs. This is because people come to the work environment with specific attitudes, needs and aspirations, which are influenced, positively or negatively by the organisational climate. The work environment can be seen as a social activity, which affects quality of life which is determined by experiences on the job.

Opportunities for employee advancement and development appear to be organisational characteristics that have an influence on job satisfaction. According to Schlesinger (cited in Peek, 2003), a work environment that encourages continuous learning and provides new opportunities influences job satisfaction. Similarly, Brief (1998) found that salary, benefits and advancement opportunities were components of organisational climate that had a direct influence on job satisfaction.

Rice (1982) has investigated the relationship between job satisfaction and organisational climate and asserted that people were the heart of any enterprise because their ideas, attitudes, and efforts were key causes of success. Findings pointed out that for maximize performance, people needed to be satisfied at work. This was best accomplished by understanding their ideas, capabilities, feelings, attitudes, hopes, dreams, and goals and nurturing an organisational climate which supported them.

Research studies (Kerego & Mthupha, 1997; Robbins, 1993; Hutcheson, 1996) supported the five main job satisfaction dimensions as pay, nature of work, supervision, promotional prospects and relations with co-workers. Since the job dimensions are components of the organisation, and represents its climate, job satisfaction is an evaluation of organisational factors. Job satisfaction describes the feelings of employees regarding the environmental factors (climate factors), while organisational climate provides only a description of the work context.

The effect of Organisational Climate on Employee Satisfaction

The objective of performing an employee- climate assessment is to identify the key areas which are hindering production, reducing effectiveness and which might generate unexpected costs in the near future. The idea and approach is for the organisation not to simply perform an academic exercise, simply because they ‘do it at this time every year’, but to critically examine themselves to see where the company and its employees might be finely tuned to generate higher levels of performance. To survive and out do their competitors, organisations constantly seek to improve their performance. The organisational climate in organisations is becoming more important than ever before because organisations need to ensure that those individuals who add value to their bottom line want to stay in the organisation and want to continue pouring their effort into their work to the benefit of the organisation (Brown & Leigh, 1996). Once identified, opportunities to strengthen existing approaches, which are working well, as well as select appropriate interventions for addressing the weakest areas, should be aggressively pursued for the maximum benefit of everyone.

Watkin and Hubbard (2003, p. 380) hold that climate does make a difference to an organisation’s performance because “it indicates how energizing the work environment is for employees”. There is clearly more to an organisation’s performance than an “energized employee” or the presence of certain “organisational and leadership” characteristics. However, “productivity ... also depends on the morale which governs discretionary effort – the willingness to ‘go the extra mile’. This is unforthcoming if workers feel insecure (Culkin, cited in Gray, 2007).

Organisational climate as a concept, its role and value in organisations and its impact on various organisational outcomes have been studied for over 50 years. Organisations that are able to create environments that employees perceive to be benign and in which they are able to achieve their full potential are regarded as a key source of competitive advantage (Brown & Leigh, 1996). Organisational climate can therefore be considered a key variable in successful organisations.

RESEARCH METHODOLOGY

SCOPE

The scope of the study is to gain an insight into organisational climate prevailing at the Indian Information Technology Industry, and also to 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.

OBJECTIVES

- To investigate the relationships between some characteristics of climate and employee satisfaction
- To analyze the organisational factors which affect to employee satisfaction
- To give recommendations for making improvements in the organisational climate.

Scope of the study: Keeping track with the advancement in country, Information Technology Industry is showing huge growth and carries great significance because of the stiff competition . The five organizations under study are one of the top 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.

Sample for the Study: The study is based on the collection of responses from executives from all over in India from each organization, Responses from 100 Executives from various It

industries were taken into consideration .The results were then computed in form of percentage system to make the understanding easy.

QUESTIONNAIRES

For searching organizational climate and job satisfaction information's, data are collected through two different questionnaires with likert scale to make the processing easy .

Organizational Climate Questionnaire: This contain 8 factors on which the effect of organizational climate on job satisfaction is measured , which include Responsibility,Leadership and management .Good environment ,performance management ,Career Growth opportunity ,Work life Balance

Results and interpretations

This study confined to five organizations of Information Technology with a total sample size of 100 employees respondents (managers of the organizations) across the country. The results are totally significant on the whole.

RESULTS AND FINDINGS

1. ROLE AND RESPONSIBILITY

While doing the survey we found that around 58% felt satisfied about the fact that their job makes good use of their skills and abilities. 52% were satisfied with the fact that 'my job impacts the overall objective of the organisation'. 55% felt that their work is challenging enough. Also 77% employees were completely satisfied and clear about their reporting relationships but 31% of the employees were dissatisfied with the fact that 'my roles and responsibilities are clearly agreed upon. Data indicates that 56% of the employees were satisfied with the role and responsibilities they have in the organisation, while 26% were in indifference zone and 18% were dissatisfied.

2. OBJECTIVES AND GOALS

Data indicates that out, 47% felt that their goals were time bound while 41% were dissatisfied. 51% employees were satisfied with the fact that 'my objectives and goals are clear and agreed

upon'. 33% of employees felt that organisation had fixed realistic goals for the employees, while 56% employees felt that organisation had fixed realistic goals for itself.

Therefore 51% of the employees were satisfied with the Objectives and goals organisation has set for the employees and itself, 25% were in indifference zone and 24% were dissatisfied.

3. LEADERSHIP & MANAGEMENT

- a) 48% feel that the immediate manager was biased to individuals, 47% were satisfied with the fact that 'immediate manager provides me with routine feedback and guidance'. 30% felt that immediate manager helped them in personal development and 58% felt that immediate manager is open to suggestions and ideas. 41% felt that organisational leadership encourages empowerment to its employees and 57% felt that organisation followed transparent style of leadership.
- b) 42% employees were satisfied with the leadership and management, 28% were in indifference zone and 30 % were dissatisfied.
- c) 61% of the employees felt that standing orders and code of conduct were strictly adhered, 68% felt that there was absolute transparency in the organisational policies.

Therefore 62% of the employees were satisfied with the organisational policies, 23% were in indifference zone and 15% were dissatisfied.

4. WORK ENVIRONMENT

Data regarding work environment indicates that 63% of the employees questioned were not satisfied with the statement that 'team members get all the information they need from other departments', 41% felt satisfied that the entire team works for collective goal. 45% were satisfied with the statement that 'here is unity, trust and cooperation between members' and 50% were satisfied with the statement that 'I have the tools and resources to do my job well'. 33% employees felt satisfied that organisation treats all the employees equally while 42% were dissatisfied. 41% employees were satisfied with the statement 'at work my ideas and suggestions are given due importance'.

Therefore 38% of the employees were satisfied with the work environment prevailing in the organisation, 26% were in indifference zone and 36% were dissatisfied.

5. PERFORMANCE MANAGEMENT

52% of the employees were satisfied with the statement that employee performances were accurately assessed. 46% were satisfied with the statement that 'My management suggests me with adequate corrective action'. 38% agreed that they received adequate and timely feedback on their performance while 37% disagree. 43% of the employees were satisfied with the transparency of the performance management system. 70% of the employees were satisfied that their performance is monitored and reviewed on timely basis.

Therefore 50% employees were satisfied with the performance management system prevailing in the Industry, 25% were in indifference zone and 25% were dissatisfied.

6. CAREER GROWTH OPPORTUNITIES

Only 13% of the total employees questioned were satisfied with the opportunities provided by the organisation for career development while 67% were dissatisfied. 27% of the employees were satisfied with the level of transparency in promotion plan while 49% were dissatisfied. Only 15% of the total employees questioned were satisfied with the statement that 'Organisation gives me support for my career growth', while 63% are dissatisfied.

Therefore 18% of the total employees questioned were satisfied with the career growth opportunities provided to them, while 22% were neutral and 60% were dissatisfied.

7. WORK-LIFE BALANCE

25% of the employees were satisfied that they can devote equal time to work and life, while 45% of the employees were dissatisfied. 21% of the employees were satisfied and feel that their job is not strenuous, while 57% were dissatisfied and feel so.

Therefore 23% of the total employees questioned were satisfied with the quality of work-life at IT industry, 26% were neutral, while 51% were dissatisfied.

8. REWARDS AND RECOGNITION

- a. 28% of the employees were satisfied with the reward given to them for their efforts, while 67% of them were dissatisfied. Out of 60 people questioned 52% were satisfied with the statement that 'Efforts are rewarded and recognized on a timely basis'.

- b. 40% of the employees questioned were satisfied with their rewards and recognition, 17% were neither satisfied nor dissatisfied and 43% were dissatisfied.

9. PAY AND BENEFITS

33% were satisfied with the fringe benefits provided to them by the organisation, while 37% were dissatisfied. 28% employees were satisfied with the number of leaves and vacations provided to them by the organisation, while 47% were dissatisfied. 50% of the employees felt satisfied with the statement 'I am satisfied with the remuneration given to me for the work I do'. Therefore 40 % of the employees questioned were satisfied with the pay and benefits they received, 26% were in indifference zone and 34% were dissatisfied.

CONCLUSION & DISCUSSION

The purpose of the study was to determine the aspects of organisational climate that promote and enhance job satisfaction, to determine the degree of job satisfaction among the organisational employees and to recommend changes that can be made to improve job satisfaction, performance levels and reducing the turnover wastage.

In recent years, there has been a shift in the dynamics of the workplace. Today's workforce demands a balanced lifestyle along with satisfactory pace of professional growth. The organisation's expectations from employees are also increasing. The anticipation of loyalty-to-employer by the employee is being replaced by his/her individual performance and performance is directly proportional to employee's satisfaction with his/her job. This requires the organisation to maintain a balanced and healthy climate which can satisfy its employees.

Employees perceive lots of strong sides of the organisation, as well as those that need some improvement. It is important for the management to be more aware of both. Recognizing and emphasizing strong sides and advantages of work could increase employee satisfaction. To identify disadvantages (both from the eyes of the employees and the management) and take over responsibility to change them is a crucial step for constant organisational improvement that management shall aim for.

The present study found a positive relationship between organisational climate and employee satisfaction; as if the climate of any organisation is found unable to create a satisfactory atmosphere for its employees it may lead to decline in the loyalty and satisfaction of the very important assets of any organisation, i.e.; the employees.

The organisation lacks on certain factors like communication and trust. If these factors are given little more care, the company can maintain a good working environment with high level of satisfaction, devotion, organisational commitment and involvement.

Organisation will be benefited from this survey and with the help of the suggestions given the organisation can improve its working further more and the overall satisfaction level in the organisation might increase up to the excellent level. There are few measures that can be taken into consideration likewise some are

- More training and opportunities to work in challenging areas should be given to the employees to increase their job satisfaction.
- There should be more sharing of information among organisation and employees. A platform should be given to the employees so that they can share their ideas.
- Management can improve the satisfaction of workers by ensuring impartiality and fairness in the disciplinary action proceedings.
- The management should focus on imparting training to develop leadership skills among the employees.
- The management should benchmark the pay and benefits with the competitive industries.
- Communication by the management needs to reach out to the staff at all levels.
- The company should go for some programmes for personnel development programmes like career development, career planning etc.
- Team or group task should be framed in order to develop team spirit among the employees. This will also help to establish trust on each other.
- A clear structure, chain of command, coordination mechanism, and communication systems enhance the performance of employees. Therefore the organisation should work more on building effective structures, just to give clarity about the roles and responsibility to the

executives. More the executives are clear about their roles and responsibilities, greater they get job satisfaction.

- Identity of an individual in collective reference has always been important motivating factor for employees. There is a need to encourage individual's initiatives in work which give executives their own identity within the framework of organisation.
- Management should empower the executives and believe in the ability of their people and give them the support they need to achieve organisational goals. Management should provide freedom to executives to decide how to deliver the required results through innovation, decisiveness and action.
- Fairness as perceived by the employees is very important for rewards, Management should compensate the executives on fair bases this will attract, retain and motivate professionals. Ultimately the executives will move towards the higher levels of job satisfaction and will be available for future challenges.
- Employees must be allowed to choose from a variety of benefits. This will allow them to make a better mix for themselves and benefits would no longer be a dissatisfying factor for them.
- Reduce working hours by 30 minutes to motivate and increase the satisfaction level of the employees.
- Follow an open door communication policy.
- Organize trips, family meets and fun games at work.
- Use modern machines, sanitation, etc to improve the physical environment.
- Many of the employees feel that their salary must be considered for a hike. So, the organisation should consider doing so.

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