

The Study of Organizational Variables That Influence Organizational Climate in an Indian Manufacturing Organization

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Abstract: *This paper aims to study the influence of organizational variables on organizational climate. Organizational climate is an important measure to predict job satisfaction, performance and retention of employees. It is equally important to understand the role of demographic diversity such as age, designation, tenure, department, role, region and gender on the climate of an organization. The study was conducted through a structured questionnaire involving 169 respondents of a large manufacturing organization in India. The survey was anonymous and dispersed through intranet of the organization. Results indicate that there is statistically significant difference of perception of their climate among different demographic groups. Results emphasize that different demographic groups perceive the climate differently and sometimes quite starkly differently as compared to other groups. It is instrumental to note that such variation in perception of climate can be detrimental in the performance of the organization, the reason being ambiguity among members. The study also explores the reason as to why there is difference in perception and helps to understand the implication for the line managers and HR managers to maintain healthy work climate and manage diversity at the work place.*

Keywords: diversity, demographic, organizational climate

Introduction

Organization Climate has been defined by several researchers with the locus of each definition being manifestation and perception of organizational environment by the organizational members. Organizational climate is a top view of the organizational culture, i.e., in-depth exploration and understanding of culture and its practice and help ascertain the intensity of perception and estimation of climate of an organization.

Today organizations are becoming global and more complex in their structuring. Therefore they need to maintain the organizational climate positive as it is directly incident to job satisfaction and productivity of employees. Employees are today working in cross functional teams and reporting to many superiors which might span globally in different vertical, and hence, the study assumes more significance in such scenarios.

This study is aimed at understanding the variations in perception of organizational environment in a given Indian Manufacturing organization based on several demographic factors, e.g. age, tenure, gender and organizational variables such as region of posting in India or abroad, department, job role etc.

This study will provide another dimension for understanding the implications of such demographic factors on organizational climate and further serving as an input to the Human

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resource department for corrective and developmental action to frame policies to increase motivation and equate the perception of the environment of organization for the purpose of effectiveness in teams and processes.

Review of Literature

Organization climate is an essentially a 'multilevel construct' (Dickson & Et.al., 2004) that including unique beliefs and perceptions about an organization's social and physical surrounding. At the personal level, psychological climate is the persons' perceptions and the interpretations they tag to their environment. As a next level construct, organization climate indicates feelings about the corporate's environment that are shared among employees and to which they attach psychological interpretation to help them make meaning of their environment (Schneider & Reicher, 1983). According to (Cilliers & Kossuth, 2002), Organization climate parameters at the formal level are policy, structure, decision making, managerial practices, objectives, reward, task specialization and standard. And at the informal level, it refers to responsibility identity, support, warmth, employee needs, conflict handling, interaction, information sharing, (Kline & Boyd, 1991) (Tagiuri & Litwin, 1968) (Litwin & Stringer, 1968), (Prakasam, 1986).

Diversity climate was typically expressed by Gelfand and colleagues as shared perceptions of 'employees' of the policies, procedures, practices that explicitly & implicitly communicate the level to which developing and maintaining variation and reducing discrimination is a focus in the organization", (M.J., et al., 2011)& (Gelfand, Nishii, Raver, & Schneider, 2005).

As reviewed by (Hanges, Aiken, & Chen), the growing diversity of the workplace presents organizations with a number of opportunities, as well as challenges. For instance, diversity has been linked to increased conflict and decreased cohesion. (Avery & McKay, 2006); (Roberson & Stevens, 2006) studies indicate a relationship between the demographic diversity of an organization and employee interpretation of the organization's diversity climate. Also, (Douglas, Joerg, Brief, & Wiley, 2008) suggested that racial diversity of employees in the location of the workplace has a moderating impact on the organizational climate.

According to inference of (cf. Johns, 2006): "There exists a genuinely complex connection between employee heterogeneity and climate. In particular, instead of an immediate impact contention that expect more noteworthy workforce demographic differences is connected with a more positive diversity climate, the contextualization of this relationship suggests that the impact of workforce heterogeneity is judged in respect to the differing qualities in the group in which the organization is implanted. As it were, when representatives induce an diversity climate on the premise of their organization's workforce differing qualities, group differences shapes this."

In relation with Organisational climate (Kossek et al., 2003); (Kossek & Zonia, 1993); (Avery & McKay, 2006) proposed in their studies that greater dissimilarity in a team, group or business unit, more will be the positive climate of the organization. The rationale behind this hypothesis is that, other parameters being constant, an organization with a demographically variant workforce will be considered as more active to support and encourage diversity than an organization with less diverse workforce. A direct effect of organization's demographic diversity on the development of diversity climate is the fulcrum of McKay and Avery's (2006) model (Avery & McKay, 2006).

The more that demographic minorities feel they are welcomed and valued by the organization, the more employees should also perceive the organization as one that cares about

cooperation. Clearly, then, a climate for demographic diversity should contribute to effective diversity management. (Konrad & Cannings, 1997).

The Great Place to Work Survey Model

The tool is utilized to calculate engagement by evaluating attitudes, opinions and perceptions, evaluate the magnitude of trust amongst the managerial and non- managerial members of the organization, assess the magnitude of pride in the tasks that employees carry out and amount of camaraderie in the employees. This survey gives clear understanding of how participating members perceive their organization basis quality of organization experience. The dimensions of the model are are described below:

T R U S T	Credibility	Two Way Communication Manager’s Competence Integrity – Reliability Of Management
	Respect	Professional Support Collaboration Demonstrated Caring
	Fairness	Equity Impartiality Justice
	Pride	For The Job About My Team With The Organization
	Camaraderie	Individuality Is Valued Welcoming Atmosphere Part Of Something Larger

Research Methodology

For the purpose of the study 200 questionnaires were sent to respondents selected by convenient sampling technique out of which 169 were complete having selection rate of 84.5% and were taken for the study. The questionnaire based on Great Place to Work Trust Index Model which consists of 56 statements that cover credibility, respect, fairness, pride and camaraderie, based on 5-point rating scale varying from Veracity cum Frequency The study was conducted to study organizational climate in an Indian Manufacturing organization. Study was majorly descriptive in understanding the perceptions of respondents regarding the climate of the organization.

The objectives for the study are

- To analyze the variation in organizational climate based on demographic variables i.e. age group, location, department and designation, tenure and gender.
- To find out the managerial implications of the impact of demographic diversity on organizational Climate.

The descriptive method of research was adopted. Both primary and secondary data was used. Primary data was collected through questionnaire and secondary data was used for review, discussion and conceptualization of the study. The analysis of the data was done by application of statistical tool: one-way ANOVA test.

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Data Analysis

The data collected through questionnaire was analyzed. First of all the Cronbach alpha for the data was calculated to be 0.746, which is acceptable to proceed with the data analysis. The demographics of the study are presented as following:

Age Group	N	%
18 - 25 years	9	5.33
25 - 30 years	39	23.08
30 - 40 years	72	42.60
40 - 50 years	44	26.04
50 years and above	5	2.96
Total	169	100%
Designation	N	%
Worker	66	39%
Officer/Executive	25	15%
Section Head	29	17%
Supervisors/Shift In charge	11	6.5%
Unit Head/Plant Head	2	1%
Area Manager	6	3.5%
Department Head	9	5%
Total	169	100%
Tenure	N	%
0 - 1 year	24	14%
1 - 2 years	14	8.3%
2 - 4 years	23	13.6%
4 - 7 years	35	21%
7 - 10 years	14	8.3%
10 - 15 years	10	5.9%
15 - 20 years	28	16.5%
20 years and above	21	12.4%
Total	169	100%
Department	N	%
Production	71	42%
Quality	14	8.3%
Maintenance	26	15%
Sales & Marketing	22	13%
Supply Chain	6	3.5%
Accounts & Finance	8	4.7%
HR & Administration	9	5.32%
MIS & Planning and Sub assembly	6	3.5%
Projects, NMD and R&D	7	4.14%
Total	169	100%
Role	N	%
Below Supervisory	45	26.63%

Supervisory	53	31.36%
Managerial	58	34.32%
Senior Managerial	13	7.69%
Total	169	100%
Region	N	%
North	82	48.5%
South	23	13.6%
East	8	4.7%
Central	11	6.5%
West	40	23.7%
International locations	5	3.0%
Total	169	100%
Gender	N	%
Female	10	5.92%
Male	159	94.08%
Total	169	100%

Study of Variation in Perception Based On Demographics

One-way ANOVA test was conducted with each of the demographic groups against organizational Climate dimensions. The results are presented as follows:

- There is significant difference between perceptions of organizational climate on the basis of age group ($p=0.000351$). The highest measure of organizational perception is among the senior members of the organization ($=83$) and the lowest is among younger members of the organization ($=57$). There is significant difference between perceptions of organizational climate on the basis of tenure ($p=0.000103$). Overall the lowest measure of organizational climate is perceived by employees belonging to range of 10-15 years ($=50$), and perceived stronger by 4-7 years range group ($=79$). But, employees having more than 20 years of tenure in the organization also have a better perception of the organization ($=77$). There is no significant difference between perceptions of organizational climate on the basis of gender ($p=0.725146$). The average measure of organizational climate perceived by females is slightly higher ($=71$) than that perceived by males ($=67$). There is significant difference between perceptions of organizational climate on the basis of geographical region ($p=0.0000$). Overall based on location, the Mean value of climate measure is better in international location ($=92$) and lowest in South region ($=57$).
- There is significant difference between perceptions of organizational climate on the basis of department ($p=0.0000$). Overall, better climate measure is in the MIS & Planning department ($=92$), and lowest measure is in the Quality department ($=49$). There is significant difference between perceptions of organizational climate on the basis of designation ($p=0.0000$). Overall, the measure of organizational climate is lesser among Engineers/Process In charge ($=49$) and strong among workers ($=77$).

Discussion & Conclusion

The study provides conclusive evidence of demographic impact on the organizational climate. The data is insightful in understanding that the senior employees with respect to age and position perceive the climate much positive and better than the younger members of the organization.

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This result is very much in coherence with the study of (Cohen, 1993), which describes that with age and tenure, employees tend to become more committed towards the organization as they become more fluent with the processes and structure of the organization. Also, adding to this premise, another reason for high commitment could be lesser opportunities outside the organization. Another major finding is supported by the study that about more than 3 years of tenure can be used to predict the perception of employees towards their organization. The results indicate that employees between 4-7 years of tenure have a better perception of organizational climate as compared to other groups. Further, there is huge gap of in perception of environment between different departments. Data evidence shows that there exists departmental climate in the organization. This may lead to conflicts and friction in interdepartmental interaction. The workers of the organization perceive the climate better in comparison to other groups, which is a good indicator in a manufacturing organization. But, the engineers/process- in-charge have an inferior perception of climate as compared to other job roles, which is an area of concern for the Human Resource department. Employees working on international sites are much more satisfied with the management and its work practices. They find the workplace friendly and fair.

Hence, it is essential for the human resource executives to diagnose the climate of the organization and implement engagement strategies for specific demographic groups such as departments, age groups and various power based roles, so as to reduce the gaps between perception measure and altogether improve the climate measure of the organization. Such measure will help to make the organization a great place to work!

Managerial Implications

The environment in which organizations operate is increasingly turbulent, rocked by forces such as globalization and rapid technological change. Social and demographic forces have dramatically changed the make-up of today's workforce, which is now the most educated and ethnically diverse in history. These developments are profoundly affecting the way in which organizations organize themselves, just as they are influencing individuals' behaviors and attitudes to and expectations of both organizations and work. Organizational systems always find ways of controlling behavior so as to maintain a balance in the system, even when that balance may be less than optimal for the organization's success. Some of the ways organizations do this are through the formal and informal cultures in place. There is a small, but growing body of research on the influences of culture on employee job attitudes. This research investigates demographic diversity with organizational climate measure. Therefore, following managerial implications can be related from the results:

- Younger and new employees of the organization must be made aware of the policies and good quality training and development programs should be conducted to promote satisfaction, engagement in the organization.
- The performance management system should be fair and equal, to promote healthy working environment.
- Reward management should be point based and fair to promote transparency and justice.
- Equal opportunities of promotion, training and development should be provided irrespective of any demographic variable.

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