Volume : 3 | Issue : 4 | April 2014 • ISSN No 2277 - 8160

Research Paper Management

Organisational Climate A Module for Employee Performance – Knoweledge Based Perspective

K.Selvarajan Asst. Prof. of Public Administration, Arignar Anna Govt. Arts & Science College, Karaikal.

Sunder Arumugam Asst. Prof. of Social Work, Arignar Anna Govt. Arts & Science College, Karaikal.

ABSTRACT

Organisations have become more challenging today than ever before. It is not unique to any particular organisation but affects all the organisations. Organisations are continuously seeking to improve the performance. Few decades back organisational climate was just a subject that's all. Man managers or Professionals of Organisational Behaviour (OB) did take less note of to it. As times passed by and OB started gaining momentum the professionals in the field of managing men at work did not bypass any issue that came in their way of managing men thereby affecting the production or productivity. The most important issue that came up and found to have a direct bearing on the performance of employees in an organisation is Organisational Climate (OC). Hence, OC has become an important variable in the success of any organisation.

Studies have come out with quite a few contradictory views about it. But that fact of the matter is that OC does have a considerable bearing on Employee Performance. Certainly, Organisational Climate is created by those willing employees who are keen to travel that extra mile. This paper would throw light on the various elements of OC how it influences the performance.

KEYWORDS : Organisational Climate, Performance, Organisational Behaviour.

INTRODUCTION:

Research on Organisational Climate (OC) can be traced back to 1930's. The term Organisational Climate is also called as Corporate Climate. It is the blend of several properties of the work setting seeming directly or indirectly by the employees and this is supposed to be a major energy in influencing employee behaviour. It is the route of quantifying the culture of an organisation.

The authors would like to state that a very close cousin to organizational climate is organizational culture. Research on organizational climate can be traced back to the 1930s with the human relations movement pioneered by Hawthorne, researchers turned their concentration from the "hard" physical environment to the "soft" psychological environment; thus the concept of organizational climate was born.

The feelings, attitudes and behaviour that characterises the life of an employee is very well termed as Climate. In nutshell Climate is essentially description of the work setting by those directly involved in it.

Companies nowadays are more and more on the go in tumultuous competitive environments, in which it has become easier to replicate products, and it is necessary to adapt to changes fast. To endure within these competitive environments, it is very important to produce sustainable competitive advantages. Divergent to the industry-based strategic management outlook, which focuses on the external environment of a company, the resource based strategic management perspective has a focus on the internal environment of the company.

In recent years, more and more researchers consider that the micro mode not only measures organizational climate accurately, but also is of more practical value to the organization (Ren, Huang & Zheng, 2001; Tang & Chen, 2001). And we believe that Deshpande and Webster (1989) provide a clear distinction between culture and climate in quoting Schnieder and Rentsch (1987).

In nutshell, several studies examined the relationship between human resource management and organizational performance (e.g. Becker & Gerhart, 1996; Huselid, 1995; Arthur, 1994). The common thought of these studies is that human resource practices affect organizational performance.

Therefore, the authors in this article would like to analyse the various roles of OC in employee performance.

OC AN OUTCOME OF HUMAN RESOURCE MANAGEMENT:

There is now a substantial empirical literature showing that high-involvement, commitment-based human resource management (HRM) systems are associated with superior performance. (Appelbaum & Batt, 1994; Batt, 2002; Delaney & Huselid, 1996; Huselid, 1995; MacDuffie, 1995; Wright *et al*., 2005; Youndt *et al*., 1996). It is generally inferred from these statistical associations that such HRM systems enhance the performance capacities of employees, capacities that are the product of not only competencies but also of the motivation and opportunities to utilize those competencies.

In particular, achieving and sustaining competitive advantage requires HRM policies and practices that continually optimize both the stock of knowledge and the opportunities available to fully utilize that knowledge by making, for example, continuous investments in the training, education, and development of employees and providing employees with high-involvement opportunities to utilize and share their knowledge. Additionally, HRM policies and practices need to motivate employees to value continuous learning and to apply their skills and tacit knowledge of work routines and technologies in innovative ways. Here the HRM strategy literature has largely emphasized the use of performance-based pay, task performance feedback, employment security, recognition, and intrinsic rewards from participation to motivate employees. From a Knowledge Based perspective it is also essential that firms create environments in which employees are receptive to the diffusion of new technologies and associated management processes.

To add more to the view that HRM practice has an influence over OC and performance of employees the authors would like to draw a few lines from Collins and Smith (2006). They found that their index of HRM systems was strongly and positively related to social climate factors. Second, social climate was strongly and positively related to their intermediate outcome variable, "knowledge exchange and combination". Third, social climate mediated much but not all of the effects of HRM systems on knowledge exchange and combination. Social climate, however, fully mediated the effects of HRM systems on performance outcomes. Lastly, knowledge exchange and combination was strongly and positively related to performance outcomes and mediated nearly all of the effects of social climate on performance.

Organizational climate and organizational culture are closely related, but are certainly not the same. Both deal with how individuals try to make sense of their environments, and are learned through interaction among persons belonging to a certain group (Kuenzi & Schminke, 2009). However, fundamental differences between these two phenomena exist. After an extensive research on both climate and culture literature, Denison (1996) identified several differences between organizational climate and culture. According to him, organizational culture refers to the underlying structure of an organization, embedded in the values, beliefs, and assumptions of organizational members. Organizational climate, on the

other hand, is reflected in practices and procedures that are observable at the surface of the organization. Organizational climate is emphasized to be temporary, subject to direct control, and limited to aspects that are consciously perceived by members of an organization. From a managerial point of view, therefore, organizational climate is a very interesting phenomenon. It can be influenced relatively easily, and changes in organizational climate can be observed on a short time span.

To conclude the opening lines of this article the authors would like to emphasise that Human resources could grant a potential source of sustainable competitive advantage, since they are path dependent, causally ambiguous, and actually difficult to imitate, because of the complexity of their value creation process (Wright, Dunford and Snell, 2001); the systemic interrelation of HRM policies and practices provides their inimitability (Becker and Huselid, 1998). Becker and Gerhart (1996:785) suggested that it is difficult to copy an HR system by hiring few top managers from a competitor "because the understanding of the system is an organizational capability that is spread across many (not just a few) people. Since one of the authors is basically an economics graduate he feels proud to point out that the relation between human resources (HR) and performance can be traced back to Adam Smith's (1976) consideration for not merely quantitative labour inputs but also for abilities such as skills, dexterity, and judgement on how to work.

ORGANISATIONAL CLIMATE & ORGANISATIONAL CULTURE:

The concepts of organisational climate and organisational culture are often used interchangeably, with some of the researchers in organisational studies treating the concepts as if they were identical. But the authors in this article would like to bat and say that they are not the same. And to argue this point of view we wish to seek the support of Schneider (2000) succinctly who summarises the differences between these two concepts by highlighting that organisational climate describes events and experiences and represents the patterns of behaviour of employees, whereas culture is explored when individuals are asked why these patterns of shared values, common assumptions and beliefs exist. In the literature, culture is viewed as being more deeply rooted in the organisation and is based on employees' values, beliefs and assumptions. This is in contrast to organisational climate, which is a 'snapshot' of a particular time in an organisation and is measured by a range of dimensions.

DESCRIPTION OF OC

The authors here agree to the point that certain characteristics portray the construct and differentiate OC from other concepts. And those characteristics are as follows:

- Climate is generally considered to be a molar construct that can change over time.
- It is perceived by and shared among organisational members, which can result in consensus among individuals.
- It consists of global impressions of the organisation that members form through interacting with each other and organisational policies, structures and processes.
- Climate perceptions are descriptions of environmental events and conditions rather than evaluations of them.
- The climate construct is multidimensional.
- It refers to the 'feeling of an organisation'.
- Climate can potentially influence an individual's behaviour.

WHY OC IS IMPORTANT?

The modern work environment is vastly different from the work environment in the previous three decades. The reason for this difference is the overwhelming challenges organisations have to face. These challenges include increased competition, high degrees of technological innovation, changes in the nature and structure of organisations and the challenges facing employees such as redefining the employment contract, getting to grips with new business processes, flexible work patterns and work/life balance (Kangis & Williams, 2000; Nair, 2006).

Apart from these challenges, organisations are compounded by the law of the land, Industrial Relations, Organisational Structure, Diversity and Transformation Policies, Competitions in the local, regional, National and Global Markets. And all these affect the climate in an organisation and impact on employees' motivation levels, which in turn, influences the organisation's profitability. One of the primary challenges facing managers today is to manage work teams in these ever-changing environments and to create a work environment or climate in which employees can thrive and apply their expertise (Suliman & Abdullah, 2005). Hence an organisation's ability to develop and maintain conditions conducive to the creation of a high-performing climate is of critical importance.

HOW ORGANISATIONAL CLIMATE INFLUENCES EMPLOYEE PERFORMANCE?

Well, to start with, it is here to be noted that OC is very much linked to Motivation and is expected to improve employee performance. Organizational climate can affect employees perform within an organization because the way people feel and the way they perform are strongly associated (Freedman, 2005, p. 1).

Since, it is clear that OC does influence employee performance. Hence, a million dollar question arises on how can organizations do this?

The answer to this question can be drawn from the following six dimensions to determining whether your organizational climate is set up for success with keeping employees motivated and engaged.

1. **Clarity** — employees know what is expected of them.

2. **Standards** — goals are challenging yet attainable.

3. **Responsibility** — employees are given authority to accomplish tasks.

4. **Flexibility** — there are no unnecessary rules, policies and procedures.

5. **Rewards** — employees are recognized and rewarded for good performance.

6. **Team commitment** -- people are proud to belong to the organization.

To successfully implement these dimensions, HR must take on the role of a "climate partner," helping line managers create positive environments to retain employees. To do this, HR must help line managers understand three important points:

- The correlation between a negative or inconsistent climate and employees' abilities to do their jobs effectively.
- Red flags or concerning changes in employees' behaviour or attitudes that can negatively affect the climate.
- Controllable factors that can alter the environment.

WRAPPING UP:

The effectiveness and success of any organisation largely depends on three important constituents, viz. Man, Machine & Management. These are vital elements of an organisational climate. Since, there is always a conflicting interest among the three; the organisation should make effort in creating a congenial climate by applying a few principles which are universally successful.

REFERENCES

Organizational Climate and Performance, by Lars Putter, Delft, March 2010 The Effects Of Workplace Climates On Employee Performance Capacities: A Knowledge-Based Perspective William N. Cooke Michigan State University And David G. Meyer | University Of Akron. | | The Impact of A "Great Place To Work" On Organizational Performance Silvia Bagdadli | Università Bocconi. | | | Monia L. Castro & Nico Martins The relationship between organisational climate and employee satisfaction in a South African information and technology organisation, SA JOURNAL OF INDUSTRIAL PSYCHLOGY. | | Organisational Climate and Employee Performance by K. Uthayasuriyan, Nov 1989. | en.wikipedia.org/wiki/Organisation_climate"|