



## A Study on Organizational Climate and Employee Performance

### KEYWORDS

Organizational climate, work environment, employee performance & Rewards, organizational effectiveness.

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**ABSTRACT** *Organizations have become more challenging today. It is not for any particular organization but affects all the organization. Organizations are seeking to improve the performance and many organizations have realized that human resources are of advantage and sustaining of the organization for a long term. It is significant that work environment plays a positive role in exerting greater efforts from the employee. Thus positive work environment can be created with the help of organization climate intervention. Positive organizational climate motives the employees to perform well and rewards.*

### Introduction:

Nowadays many organizations try to motivate the employee to get the rewards and organization effectiveness. Organizational climate' is important for achieving the goal of the organization. Every organization deals with its member, influenced through policies as on allocations of resources, communication pattern, reward & penalty and leadership & decision making procedure. The feelings, attitudes and behaviour of its members are influenced by the adopted organizational policy, results in the creation of a unique organizational climate. Since Mayo's (1933) studies at Western Electric, researchers have been interested in understanding how employees' perceptions of the work environment influence their level of job satisfaction. These studies found that environmental factors influence worker productivity and morale. In a 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. It helps to organization to achieve their goals.

### Review of literature:

Blum and Naylor (1968) defined job satisfaction as a general attitude formed as a result of Specific job factors, individual characteristics, and relationships outside the job. Job satisfaction is an individual's general attitude toward his job, which is also conceptualized as a personality evaluation of conditions existing on the job, work, supervision, or outcomes, that arise as results of having a job (Schneider and Snyder, 1975). Smith et al.(1969) treated job satisfaction both as a general attitude and as satisfaction with five specific dimensions: pay, work, promotion, supervision, and co-workers. According to Pareek (1989), stated organizational climate is created by the perception of organizational members about the outcome of interactions among five components of the organization. These interaction components are Structure, System, Culture, Leader behaviour, and employees' psychological needs.

Allen & Meyer, (1990) O'Reilly & Chatman, (1986) stated The Organizational commitment refers to the psychological attachment of workers to their workplaces Commitment to organizations is positively related to such desirable outcomes as job satisfaction (Bateman& Stasser, 1984; Mowday, Porter, & Steers, 1982), motivation (Mowday, Steers,&

Porter,1979), and attendance (Mathieu & Zajac, 1990; Steers & Rhodes, 1978) and negatively related to such outcomes as absenteeism and turnover (Clegg, 1983; Cotton & Tuttle,1986). Also, Horton stated that stronger commitment could result in less turnover and absenteeism, thus increasing an organization's productivity (Schuler & Jackson, 1996, p.302). However, the relationship between organizational commitment and job performance is more tenuous (Becker, Billings, Eveleth, & Gilbert, 1996). For instance, Mathieu and Zajac's (1990) Meta analysis showed that the confidence interval around the mean. correlation between organizational commitment and performance included zero. Thus, they concluded "commitment has relatively little direct influence on performance in most instances" (1990:184).

Meyer & Allen (1991) stated a committed employee as being the one "who stays with an organization, attends work regularly, puts in a full day and more". Committed employees not only are likely to remain with the organization, they are also likely to be actively engaged in developing firm-specific skills and knowledge, and to contribute creatively to improved work methods and other forms of innovative change to help the organization in achieving higher level of success (Buchman,1974; Blau & Boal, 1987). Accordingly, Kohun (1992), defines work environment as "an entirety" which comprises the totality of forces, actions and other influential factors that are currently and, or potentially contending with the employee's activities and performance. Work environment is the sum of the interrelationship that exists within the employees and between the employees and the environment in which the employees work. Brenner (2004) was of the opinion that "the ability to share knowledge throughout organizations depends on how the work environment is designed to enable organizations to utilize work environment as if it were an asset. This helps organizations to improve effectiveness and allow employees to benefit from collective knowledge". In addition, Brenner (2004) argued that work environment designed to suit employee's satisfaction and free flow of exchange of ideas is a better medium of motivating employees towards higher productivity. Work environment when appropriately designed, motivates employees toward higher productivity.

Kenney et al., (1992) reported that employee's performance is measured against the performance standards set by the organization. Good performance means how well

employees performed on the assigned tasks. In every organization there are some expectations from the employees with respect to their performance. And when they perform up to the set standards and meet organizational expectations they are believed good performers. Functioning and presentation of employees is also termed as employee performance. This means that effective administration and presentation of employees' tasks which reflect the quality desired by the organization can also be termed as performance. While much is known about the economics of training in the developed world, studies of issues associated with training in less-developed countries are rarely found. Job characteristics and firm background were found to play key roles in determining training provision. Workers who received off-the-job training were less likely to receive on-the-job training, while those who received on-the-job training were neither more nor less likely to have received off-the-job training. However, a complementary relationship was found between receiving informal training and receiving on-the-job or off-the-job training. Earnings differentials were not found to correlate with different types of training. Unlike in developed countries, training in China was usually intended to remedy skills deficiencies, rather than enhance productivity (Ying Chu Ng, 2004). There is a positive relationship between training and employee performance. Training generates benefits for the employee as well as the organization by positively influencing employee performance through the development of employee knowledge, skills, ability, competencies and behavior (Benedicta and Appiah, 2010). It is obvious that training plays an important role in the development of organization, improving performance as well as increasing productivity, and eventually putting companies in the best position to face competition and stay at the top. This means that, there is a significant difference between the organizations that train their employees and that organizations that do not (Benedicta and Appiah, 2010). Organization that is dedicated to generating profits for its owners (shareholders) and providing quality service for its customers and beneficiaries usually invest in the training of its employees (Evans and Lindsay, 1999).

According to Ingram (2000) says teamwork is a strategy that has a potential to improve the performance of individuals and organizations, but it needs to be nurtured over time. Organizations need to look at strategies for improving performance in the light of increasingly competitive environments. Top managers need to have the vision to introduce teamwork activities within the organizations, the sensitivity to nourish it and the courage to permit teams to play an important part in decision making. Conti and Kleiner (2003) reported that teams offer greater participation, challenges and feelings of accomplishment. Organizations with teams will attract and retain the best people. This in turn will create a high performance organization that is flexible, efficient and most importantly, profitable. Profitability is the key factor that will allow organizations to continue to compete successfully in a tough, competitive and global business arena.

#### Working environment and employee performance:

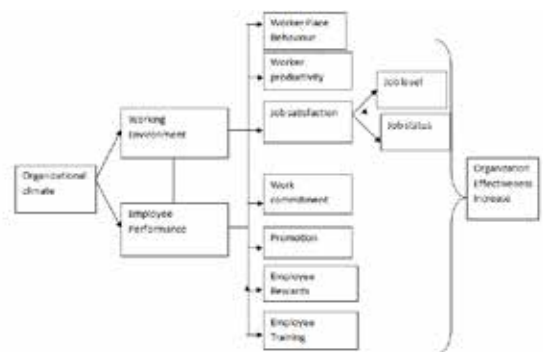
Working environment is the quality of employee's work place environment that most impacts on the levels of employee's motivation and subsequent performance. Lambert et al. (2001) found that environmental factors are important determinant of job satisfaction. The level of salary, promotion, appraisal system, climate management, and relation with co-workers are the very important factors. Huges, (2007) surveyed 2000 employees pertaining to various or-

ganizations and industries in multiple levels. The reported results of these survey showed that nine employees out of ten believed that a workspace quality affects the attitude of employees and increases their productivity. Cummings and Schwab, (1973) argue that performance is ultimately an individual phenomenon with environmental factors influencing performance mainly through their effect on the individual determinants of performance, ability and motivation. According to Collis and Montgomery, (1995) Employee performance has been shown to have a significant positive effect on organizational performance.

#### Organizational effectiveness of working environment and employee performance:

Working environment and employee performance helps to motivate and increase the organization effectiveness. It helps to increase the employee work place behaviour, worker productivity, job level and job status. So that employee feel more comfortable with working environment and also the organization to achieve the goal. Job level and job status gives to employee job satisfaction and more comfortable with co-worker. Employee performance increase the employee work commitment, team work and employee training .work commitment provide the employee to work regularly, and good decision making. Teamwork develop the employee skill, knowledge, good communication etc. Employee training helps to increase employee performance through new technology adoptions, product knowledge. The two variables of working environment and employee performance motivate the employee well performance and increase organization effectiveness.

#### Research Framework



#### Conclusion:

The goal of the study was to find out the organizational climate to motivate and increase the organizational effectiveness. The working environment and employee performance variables motivate the employee performance through workplace behaviour, worker productivity, work commitment, job level, job status, promotion, employee training and employee rewards. These factors help employees feel more comfortable with the organization. The frame work shows the positive relationship between the working environment and employee performance both variables to develop and increase the employee performance and organizational effectiveness.

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