



## A Study on Organizational Climate in Banks – With Special Reference to Dindigul

\* A. Jeyapragash \*\* P. Rani Chandrika

\* Associate Professor of Commerce G.T.N.Arts College, Dindigul - 624 001

\* Research Scholar-Commerce G.T.N. Arts College, Dindigul – 624 005

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### INTRODUCTION

Management and other employees directly involved in the organization form "Human ware". Materials, machine, money infrastructure, and organization together form "Orgoware". Knowledge, skill, technology, etc. are covered by "Infoware". Human ware becomes most important of all, because it has a dual role to play. As employees, human beings directly act as one of the resources. Human being indirectly influences the effective utilization of "Orgoware", as being responsible for their manipulation. "Infoware" again heavily depends on human being because knowledge and skill are acquired, assimilated, improved, and applied by human beings. Thus even when maintaining a separate entity, all other resources are being influenced by this single resource, the human ware. Thus we are justified in saying that human resource is most important of all other resources. This is perhaps the reason why Mary Parker Follet defined management as the "process of getting work done through other people" is the main reason for the success of Japanese management. Globalization and liberalization of economy have once again highlighted the importance of HRM. This is so, because the survival and success of organization depends on the "competitive advantage" of the organization. Competitive advantage is obtained and sustained through knowledge and skill of its people. Technological break-through and continuous up gradation of technology are possible through empowerment of employees. Improvement means greater level of interest in the job and strong commitment in the organization. Empowerment is the highest state of morale and motivation in an organization. This provides synergism. This, once again, focus our attention to the importance of human resources management. Acquiring, developing and maintaining a "critical mass" of competent and committed employees guarantee the survival and success of an organization. Employees are, therefore, the most important of all resources.

Human resource management is a complicated area as it deals with human beings involving variety of tasks and activities. A wide range of issues covering man power planning, recruitment, personnel, profession, human resource accounting, training and development, human relations in the organization etc., are dealt by human resource management wing of management.

Organization with same resources, employees of same caliber and in the same territory may yield different results. It is the upbringing of employees in the organization that makes the difference. The overall atmosphere of the organization influences employees' commitment, satisfaction and consequently the effectiveness of the organization.

Climate is the atmosphere that employees perceive and it is created in their organization by practices, procedures and rewards. These perceptions are developed on a day-to-day

basis. Every organization is different and has a unique feeling and character beyond its structural characteristics. Thus, each organization deals with its members in a distinct way through its policies on allocation of resources, communication pattern, reward and penalty, leadership and decision-making, style etc. An organization climate is an intentional creation. Once, established, it hardly fades away.

### SCOPE OF THE STUDY

The changing concept about the management of the organizations requires a new look at the concept of performance as well. In the past, performance was defined in terms of a rise in the level of output of services with the same or reduced level of input as a result of better work methods and improved technology. It is, however, only through the employees that the ultimate increase in performance is achieved. Their performance is more important than equipment and raw materials. Therefore, performance needed to be redefined in terms of employee motivation and satisfaction.

Managing the employees today is an increasingly difficult task. The involvement, sincerity, creativity and dedication to the job that the management expects do not seem to be the outcome of financial incentives as was believed earlier. Performance can be improved in two ways. Good employees can be attracted, who could perform the task in a defensible manner and also use their creativity in their job performance. On the other hand, the organization should give them a working climate that enhances their growth and fulfills their expectations.

It has been empirically proved in many Indian and western organizations that conducive work climate, employee-centered climate and achievement-oriented climate ultimately improve performance. In this context, it is proposed to undertake and investigation into identify the climate measures in commercial banks in Dindigul.

### SAMPLING DESIGN

The primary objective of the study is to examine the dimensions of organizational climate in public and private sector banks in Dindigul. To fulfill this, collection of primary data from the customers of public and private sector banks became pertinent. For this purpose, a list of public and private sector banks operating within Dindigul was prepared. To prepare this list, the unpublished records were referred, which were obtained from Canara Bank, the lead bank of Dindigul district.

There are 18 public sector, 6 old private sector and 4 new private sector banks in Dindigul. To get representative samples, 50 per cent of the banks were selected at random from each of these three broad categories of banks. This gave a sample size of 9 public sector, 3 old private sector and 2 new private sector banks respectively. The sample of 14 banks thus se-

lected for the study by adopting the method of simple random sampling is fairly representative.

The next step in the sample process was the selection of sample customers. For this purpose, the officials of each of the selected banks were met and a list of customers was obtained. From the list, by adopting the non-proportionate random sampling technique, 20 customers from each of the sample banks were selected at random. Thus the study has a total sample size of 280 respondents selected by adopting the Random Sampling Technique.

**SOURCES OF DATA**

The present study is based on both primary data and secondary data. The main source of primary data has been employees and customers. To elicit information from the customers a schedule was designed and administered. The schedule was pre-tested and suitable modifications were carried out.

The secondary data was collected from leading journals, magazines, newspapers, reports etc. A good number of standard text books was referred to obtain pertinent literature on the subject. The secondary data was also collected from the Annual and Audited reports of the banks.

**FRAMEWORK OF ANALYSIS**

The general plan of analysis ranges from simple descriptive statistics to factor analysis. To analyze the collected primary data and Simple Percentage were used. The application of these tools and techniques were identified on the basis of the objectives framed for the study.

**DIMENSIONS OF ORGANIZATIONAL CLIMATE**

Organizational climate is a multi dimensional concept. Attitude of the employees towards the dimensions of organizational climate in commercial banks have been presented in

this paper. The primary data collected from the respondents have been used to measure the attitude of the employees towards different organizational dimensions.

Organizational climate is an intangible and subjective concept. Therefore it cannot be measured directly. It can be measured only indirectly through opinions on responses to the various determinants. In the present study organizational climate is measured with the help of fifteen determinants interview schedule specifically designed. In each determinant seven statements were given. Those who Strongly Agree (SA) with the statement are allotted 5 marks, those who Agree (A) with the statement are allotted 4 marks, those who Undecided (UD) about the given statement are allotted 3 marks, and those who Disagree (DA) with the statement are allotted 2 marks and those who Strongly Disagree (SDA) with the statement are allotted 1 mark.

After computing the score, the organization-wise analysis is made to study the level of organizational climate prevailing in commercial banks. The commercial banks on the form of organisations are classified into three namely public sector, old private sector and new private sector banks. The fifteen determinants of organizational climate are individually examined to make a comparative study of organizational climate in various forms of organisations in commercial banks. The level of organizational climate in different forms of commercial banks is classified as good, moderate and not good. If the total score is equivalent or more than mean score (+) standard deviation, the level of organizational climate is good. If the total score is less than mean score (-) standard deviation, the level of organizational climate is not good. If the total score is in between the good and the not good, the level of organizational climate is perceived to be moderate. The overall picture of the forms of organization and the determinants of organizational climate is given in Table.

**FORMS OF ORGANISATION & DETERMINANTS**

S.No	Determinants	Level of Organizational Climate in		
		Private Sector (Old)	Private Sector (New)	Public Sector
D1	Organizational policy	Not Good	Moderate	Good
D2	Work environment	Moderate	Moderate	Good
D3	Training and development	Not Good	Moderate	Good
D4	Performance appraisal	Moderate	Moderate	Moderate
D5	Employee remuneration	Moderate	Moderate	Good
D6	Employee fringe benefits	Moderate	Moderate	Moderate
D7	Employee motivation	Good	Moderate	Moderate
D8	Employee participation	Moderate	Moderate	Moderate
D9	Employee Interpersonal relation	Moderate	Moderate	Moderate
D10	Employee welfare facilities	Moderate	Not Good	Good
D11	Safety and health	Moderate	Moderate	Moderate
D12	Trade unions	Not Good	Not Good	Moderate
D13	Employee grievance handling	Moderate	Moderate	Good
D14	Job satisfaction	Moderate	Moderate	Good
D15	Image of your bank	Moderate	Moderate	Moderate

The organizational climate in commercial banks had given some direction in the analysis. In order to facilitate further in-depth analysis, an attempt is made to rank the various determinants of organizational climate. The overall mean and standard deviations for the determinants of organizational climate and their ranking scores are given below:

**OVERALL MEAN AND STANDARD DEVIATION FOR DETERMINANTS**

Determinants Number	Determinants	Mean	SD	Rank
D1	Organizational policy	26.84	4.21	1
D2	Work environment	26.16	4.13	5
D3	Training and development	25.56	3.70	13
D4	Performance appraisal	25.70	3.83	11
D5	Employee remuneration/ incentives	26.80	3.99	2
D6	Employee fringe benefits	26.11	3.61	6
D7	Employee motivation	26.32	3.86	3

D8	Employee participation in management	25.92	3.89	7
D9	Employee interpersonal relation	26.20	3.82	4
D10	Employee welfare facilities	25.75	3.68	9
D11	Safety and health of the employee	25.81	3.88	8
D12	Trade union	25.22	4.06	15
D13	Employee grievance handling	25.52	3.39	14
D14	Job satisfaction	25.71	3.47	10
D15	Image of your bank	25.61	3.28	12

It is clear from table 1.2 that all the determinants of organizational climate do not receive the same attention from the respondents.

The Determinants Organisational policy (D1), Employee remuneration (D5), Employee motivation (D7), Employee interpersonal relation (D9) and Work environment (D2) are getting the top rating.

Employee fringe benefits (D6), Employee participation in management (D8), Safety and health of the employee (D11), Employee welfare facilities (D10) and Job satisfaction (D14) get the medium rating.

Performance appraisal (D4), Image of your bank (D15), Training and development (D3), Employee grievance handling (D13) and Trade union (D12) get the low rating.

The ranking given in Table 1.2 suggests that to improve the level of organizational climate, the determinants Performance appraisal, Image of your bank, Training and development,

Employee grievance handling and Trade union are the main areas to be focused upon immediately.

#### SUMMARY

In this paper the analysis of the responses of bank employees was presented on the basis of the banks in which they are working. The result shows that public sector bank employees were good when compared to other forms of organization of banks in Dindigul district. The determinants "Performance appraisal", "Image of your bank", "Training and development" and "Employee grievance handling" are the areas to be focused upon immediately to improve the level of organizational climate.

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