



A Study on the Impact of Organizational Climate on Project Success Among Software Engineers In It Sector.

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ABSTRACT

Globalization being in full swing, organization have been expanding at faster pace giving minimal consideration to organizational climate. Though productivity can be attained by technology, for a long term growth and conducive working environment with minimal attrition, existence of a conducive organizational climate is mandatory. Only then an organization can have engaged employees else there would be existence of committed employees.

Effectiveness of an employee is the product of many factors, i.e. personal attributes (Shao and Webber, 2006), competencies (Raelin and Cooleage, 1995), work set up and work culture (Miron et al., 2004), forces within and outside the organization (Page et al., 2003) and organizational psychological climate (Williamson et al., 1997). The chemistry of patters of these factors directly or indirectly influence the employees performance and leads to variation at organization level. . In sum, organizational climate has been underlined as a major determinant of employee performance, job behaviours and firm effectiveness (Abdel-Razek, 2011) and is therefore worthy of deeper consideration in relation to specific national contexts Organizational climate encompasses organizational structure and process, interpersonal relationships, compensation administration, employee behaviour, performance expectation and opportunities for growth.

This paper studied impact of organizational climate on employees performance. This paper begins by outlining the conceptual background to the relationship between organizational climate and business performance. Specific hypotheses are then developed, the data collection and analysis methods described, and findings, limitations and opportunities for further research described. Finally, conclusions and managerial implications are presented to assist practitioners in improving organizational performance through more supportive climates.

KEYWORDS

Organizational climate, productivity, performance, team

Introduction:

Organization have been expanding at faster pace in the current global scenario giving minimal consideration to organizational climate. It has been a rat race to merely exist in the highly competitive world. Their aim to enhance the market share with minimal operating expense. Whereby, the focus of conducive organizational climate has been almost ignored. Though productivity can be attained by technology but for a long term growth and conducive working environment with minimal attrition, existence of a conducive organizational climate is mandatory

Expansion of industries especially after globalization has made management to look into enhancing effectiveness from a different angle. An ignored element during technological growth was organizational climate. The impact of organizational climate on firm performance has fascinated both academics and practitioners since long, but the current scenario gave it a low look (Clark, 2002; Koene et al., 2002; Patterson, 2005). As per Herzberg et al.'s (1959) hygiene factor theory less supportive working climates such ie., poor communications and interactions between leader and follower, or edgy interpersonal relationships and supervision) may significantly contribute to employee dissatisfaction and reduction in business performance. According to Brown climate is associated with a variety of important outcomes (attrition, employee satisfaction, customer satisfaction and financial performance at the individual, group and organizational levels (Brown and Leigh, 1996)

The current business environment stimulates the environment that drive organization to align equity with the available resources for enhancing the level of competitiveness (Wisner and Corney, 2001). Organizations depends on skilled professionals who with their efficiency and effectiveness perform their assigned tasks. Thus, the over-arching organization seeks

to achieve its objectives through the groups of employees and the individual

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Organizational climate includes organizational structure and process, interpersonal relationships, compensation administration, employee behaviour, performance expectation and opportunities for growth.

According to Pareek (1989) organizational climate is an outcome of interaction among the sub units within the system such as structure, systems, culture, leader behaviour and employees' psychological needs. Further, Denison (1996) asserts that organizational climate is the way in which organizational members perceive and characterize their environment in an attitudinal and value-based manner. In nutshell; organizational climate can be defined as the "personality" of an organization that distinguishes one organization from other (Forehand and von Haller Glimmer, 1964).

This study examines the effects of organizational climate on team, effectiveness. . This paper begins by outlining the conceptual background to the relationship between organiza-

tional climate and business performance. Specific hypotheses are then developed, the data collection and analysis methods described, and findings, limitations and opportunities for further research described. Finally, conclusions and managerial implications are presented to assist practitioners in improving organizational performance through more supportive climates.

Review of Literature:

Organisational Climate

Nic Beech, Oliver Crane, (1999) empirically studied an organization's attempt to improve from its existent structure of team working to a higher level of organisational performance through the development of enhanced, or high performance, teams. This analysis revealed three factors which were crucial to development: transparency, check ability and a climate of community.

Atif Acikgoz, Ayse Gungel (2011) investigated the interrelationships among organizational climate and team innovativeness based on the data gathered from 86 software development teams. The results provided empirical evidence in support of the relationship between (i) innovative vision and (ii) managerial support dimensions of climate and team innovativeness. Moreover environmental uncertainty is used as a moderator between organizational climate and team innovativeness. The findings show that the greater environmental uncertainty, the greater relationship between (i) innovative vision and (ii) managerial support dimensions of climate and team innovativeness.

Ramirez Heller Benjamin, Berger Rita, C. Brodbeck Felix (2014): reported the application and psychometric validation of a multi-dimensional measure of team climate for learning in a multinational organization. This research shows that the TCL should be of interest to all group leaders, managers and organizations that strive to achieve a sustainable competitive advantage. For being successful in the long-term, work groups need to have the most favorable conditions for effective and efficient learning and knowledge sharing, being vital for the achievement of high-quality results and surviving in steadily changing business contexts.

Richa Chaudhary, Santosh Rangnekar, Mukesh Kumar Barua: Organizational Climate, Climate Strength and Work Engagement (2014): explored the role of human resource development climate quality and climate strength in determining work engagement at organizational level of analysis. Climate strength was examined for its linear, curvilinear and interactive effects on aggregate level work engagement. Climate quality was found to relate significantly with work engagement. However, climate strength did not show any significant linear effects on work engagement after controlling for climate quality. Further, climate strength failed to show any curvilinear effects on climate quality-work engagement relationship. Interestingly, climate strength for one climate dimensions displayed significant moderation effects on climate quality-work engagement relationship.

Peter Kangis, D. Gordon, S. Williams, (2000) The aim of this study is to contribute to organisational climate discourse by examining the extent to which "above" and "below" average performing companies also exhibit different climate measurements. The results showed a consistent association between climate and performance. Independently of sector, companies performing above average showed higher values on climate dimensions than those performing below average. They concluded that although a link was shown to exist between climate and performance, it would be premature to conclude that this connection is causal and, if so, in which direction.

According Gabriela Rusu, Silvia Avasilcai (2014) Motivation has a central role in achieving high performances within organizations. As the organizational climate can be closely correlated with employees' motivation, providing a motivating environment in industrial firms depends on managers' ability to cre-

ate a supportive organizational climate. They have explored the most relevant dimensions of the organizational climate which increase employees' intrinsic and extrinsic motivation, according to Herzberg's dual factors theory. By analyzing the relationships between organizational climate dimensions and motivation, the results demonstrated the influence of organizational climate on the level of employees' motivation.

P. Yukthamarani Permarupan, Roselina Ahmad Saufi, Raja Suzana Raja Kasim, Bamini K.P.D. Balakrishnan (2013) examined the organizational climate and employee's work passion and organizational commitment within academicians of public and private Universities in Malaysia. An argument is put forward that there is a causal link of good organizational climate, employees work passion and commitment in an organization. A conceptual model of organizational climate and employee's work passion and organizational commitment is presented that provides an explanation of the linkage between these variables.

Hypothetical Model:

Objective:

- 1) To Study the Impact of the organisational climate on the project performance in a global virtual project team and global collocated project team

Hypothesis:

Hypothesis:

Null Hypothesis: There is no significant relationship between Organization Climate and Project Success

Alternate Hypothesis: There is significant relationship between Organization Climate and Project Success

Scope of the Study

The Scope of the study has been limited to project team members working in project teams in software development centers in MNCS.

Methodology:

The aim of this study is to find the impact of the organizational climate on team effectiveness, especially among the software engineers working in the project teams. The scope of the study is pertained to Indian software engineers who are working in global teams in IT industry. The sample of the study constitutes individuals employed in Indian Software Industry. Questionnaires were administered to assess their level of prevailing organizational climate as perceived by them and its impact on the success of the project.

Appropriate statistical tools were used for data analysis and the results indicate that there exist a significant relation between the organizational climate and team members success.

Research Design

The purpose of this study is to study the impact of organizational climate on team success. The data were collected from the respondents with the help of a structured questionnaire. The Statistical tools used for the purpose of data analysis are correlation analysis and multiple regression analysis to draw the inference.

Measures

To measure the relationship between the variables organisational climate and project success a structured questionnaire is used to collect the primary data.

Organisational climate: The 38 item climate survey developed by T V.Rao and E Abraham is used in this study. These 38 items assess OCTAPAC (openness confrontation, Trust, Autonomy, Pro action, Authenticity and Collaboration). The questionnaire uses a five-point scale.

Procedure

For the survey four major IT hubs viz. NCR, Hyderabad, Bangalore and Chennai were selected. For Each IT hub 8 companies

were selected making 32 companies in total. A tool of 600 questionnaires were sent to these 32 companies out of which 278 responses were received. For the study only 233 completely filled questionnaires were considered and the rest discarded due to incomplete data. The data collected were then sorted and was set for further analysis by using SPSS 20.0.

Analysis:

Test of Reliability: For the reliability analysis Cronbach's alpha coefficient is widely used as a measurement value which describes how the data is close to normal distribution. A Cronbach's alpha value of 0.6 and above normally considered as effective reliability for judging a scale. In this study Cronbach's alpha value is .955 for the variables used for this study which demonstrated high reliability.

Results

Reliability Statistics	
Cronbach's Alpha	N of Items
.955	50

Relation between Organisational Climate and Project Success

Correlations			
		OC	PS
OC	Pearson Correlation	1	.903**
	Sig. (2-tailed)		.000
	N	223	223
PS	Pearson Correlation	.903**	1
	Sig. (2-tailed)	.000	
	N	223	223

** . Correlation is significant at the 0.01 level (2-tailed).

Interpretation:

H0: There is no significant relationship between Organisational Climate and Project Success

H1: There is a significant relation between Organisational Climate and Project Success

The correlation between Organisational Climate and Project Success is $r = .903$ and the significant value is $.000$. This indicates that Organisational Climate and Project Success are not independent of each other. Here the value of r is $.903$ so it is considered to a strong correlation. Therefore the null hypothesis is rejected and alternate hypothesis is accepted and indicates that there is a significant relation between Organisational Climate and project success

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.903 ^a	.816	.815	1.10617

a. Predictors: (Constant), OC

R is the correlation, its value is $.903$ and R square is degree of determination, its value is $.816$. The degree of determination show the extent to which organizational climate influences the project success. Here the project success is determined to an extent of 81% by Organisational Climate.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1198.063	1	1198.063	979.118	.000 ^b
	Residual	270.419	221	1.224		
	Total	1468.482	222			

a. Dependent Variable: PS

b. Predictors: (Constant), OC

ANOVA table shows that the significant value is less than 0.01 , which mean the dependent variable that is project success is significantly predicted by the independent variables namely organisational climate at 99% confidence level.

Discussion:

It has been observed that organizational climate is a major predictor of employee job satisfaction, and so climate can be seen as an important forerunner to employee behavior and job satisfaction (Clark, 2002). Blau's (1964) social exchange theory could also help explain the relationship between climate and the performance measures, including job satisfaction.

An optimistic climate would change the mindset of the employees and make them more emotionally attached towards the organization. Further this environment would facilitate in carrying out the organizational task in an unspoken manner and create an implicit sense of obligation or indebtedness towards employers that needs repaying. In the case of supportive organizational cultures, the employee feels obliged to repay the manager's "kindness", part of which could involve treating customers well or remaining in the employment relationship.

Though management can come out with different forms of "pay back" it would apply in the case of negative environments, such as complaining to colleagues and customers or leaving the employer. Less supportive climates can lead to psychologically distressing situations, and hence raise the operating "costs" in the relationship equation. (Patterson, 2005). The performance measures are clearly not independent, but influence each other. For example, that employee satisfaction influences performance has been well documented. Among the theoretical reasons for this are attraction/selection theory and contagion theory (von Wangenheim, et al., 2007). From the attraction/selection perspective, individuals in a small business come to share particular experiences, which leads them to exhibit similar attitudes and behaviors, such as in how they treat customers. In negative climates, this can hinder customer service, whereas positive environments encourage people to look after customers. A widely applied alternative for explaining the link between customer and staff satisfaction is contagion theory.

It is felt that when an organization scores high on climate it is expected to develop superior organizational processes, which in turn would result in higher performance. Higher performance from supportive climates is likely to stem from greater communication between manager and staff, greater cooperation and collaboration, greater mutual trust and understanding, and more active engagement of employees in group tasks (Koene et al., 2002). On the other hand if the climate scores are low, inferior organizational processes and lower performance are expected. Other scholars (Mathieu et al., 1993) have also suggested that employee involvement, which enhances management effectiveness, results from supportive organizational climates. Most of the relevant research indicates that organizational climate is key, having direct effects on firm performance. Thus, a supportive organizational climate helps employees in becoming more productive and assists them in achieving individual objectives, enhancing organizational performance, as well as improving both staff and customer satisfaction (Perryer and Jordan, 2005).

Conclusion

Success of a project not merely depends on employees and infrastructure alone but the climate has direct influence on the performance. In terms of managerial implications, the results suggest that managers desiring to enhance their business performance should consider creating supportive climates, and thereby creating a virtuous cycle. Supportive climates can be developed in various ways. For example, by encouraging employees to try out new approaches, and recognizing and rewarding those that work well; practicing transparent and honest communication between the manager and staff about what is happening and about changes that could be important for staff; striving for cohesion through a clearly enunciated vision, by building commitment to organizational goals, fostering cooperation and collaboration, and allowing employees to participate in formulating strategy; and building warm interpersonal relationships by expressing concern for employ-

ees' well-being, helping employees to set and achieve individual goals, caring about their opinions, and making an effort to show warmth and kindness to them. Therefore, it becomes vital that they provide a work environment that is attractive to both recruiting and retaining scarce future workers.

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