CHAPTER II

LITERATURE REVIEW

This chapter will define the concept of organizational climate and review some research related to organizational climate.

2.1 INTRODUCTION

A considerable amount of the research on organizational behaviour has been concerned with the topic of organization climate. This is because the concept of organizational climate provides a link between analysis at the organizational and individuals levels and influences the attitudes and behaviours of individuals in organizations.

The present definition of organizational climate by Hellringer and Slocum (5) refers organizational climate as a set of attributes which can be perceived about a particular organization and/or its subsystems, and that may be induced from the way that organization and/or its subsystems deal with their members and environment .

On the other hand, Litwin and Stringer (1) view climate as a set of measurable properties of the work environment perceived by the people in it, and therefore assumed to influence behaviour.

Other definitions by Steers in his study on organization effectiveness as reported by Raja Azimah and June Poon (3) refers organizational climate as the perceived properties or characteristics found in the work environment that result largely from actions taken consciously or unconsciously by an organization and that presumably affect subsequent behaviour. Since organizational climate deals with inter-perceptions of employees towards their own organizations with different practices and procedures will therefore have different climates.

2.2 ORGANIZATIONAL CLIMATE DIMENSIONS AND MEASUREMENT

The purpose of this section is to present some overall interpretive and evaluative comments with respect to perceptual climate instruments.

According to Hellringer and Slocum (5) the number of items in the instruments ranged from as low as one to as high as 254 with the bulk of the instruments consisting of 20 to 80 items. Generally, the instruments are intended for use in any type of business organization, however as reported by Hellringer and Slocum (5) they are some exception such as Haplin and Croft instrument's is designed for use in school system and Schneider and Bartlett designed instrument for use in insurance agencies.

Most of these measures were developed by aggregating the scores of all organizational participants who responded to questions surveys. These aggregate scores were then considered as indicators of the degree to which a particular dimension was experienced in the climate by everyone in the organization.

However, this type of measurements which uses average scores, run into problem of validity, as people within the same organization may view and

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experience these dimensions differently. Guion's study as reported by Hellringer and Slocum (5) criticized this method of operationalizing organizational climate. He questioned whether climate could be organizational in character if there was no consensus among organizational participant as to what the organizational climate was.

The reliability of climate instruments is generally not establish by test-retest method. The reliability is typically evaluated through inter-item, item scale and split-half method (5).

2.3 RESEARCH EVIDENCE ON ORGANIZATIONAL CLIMATE

Research on climate and dependent measures of organizational effectiveness, such as performance

and job satisfaction indicate that there is some commonality. Studies done by Litwin and Stringer (1) and Hellringer and Slocum (5) clearly indicate that organizational climate is related to job satisfaction in terms of personal relations, group cohesiveness and task involvement.

As reported by Hellringer and Slocum (5 pg 263), there is a significant relationship between job performance and organizational climate. However, the relationship between performance and climate is not easily understood as the relationship between job satisfaction and climate.

Study done by Litwin and Stringer (1) on 45 students to compete in a realistic simulated business games proved that subjects in the democratic-friendly business and achieving business climate had higher performance level compared to the subjects performing under the authoritarian-structural business (Litwin and Stringer p. 94).

In another study on hard core unemployed, by Friedlander and Greenberg as reported in literature reviewed by Hellringer and Slocum (5),indicated that workers who perceived their climate as supportive had higher performance than those who perceived that the climate is not supportive.

Study done by Doraisamy (8) on Climate dimension of EPF revealed that the performance of the enforcement officers was found to be associated with the organizational climate

However, there is a general disagreement among researchers on what actually constitutes the climate constructs. Litwin and Stringer (1) identified nine a priori climate dimensions in their study namely structure, responsibility, reward, risk, warmth, support, standards, conflict and identity .

Using the questionnaire developed by Litwin and Stringer based on these nine a priori scales, La Follete and Sims (6) identified six factors that constitute to the climate, namely affective tone to the people, affective tone towards the management, policy and promotion clarity, job pressure and standards, openness of upward communication and risk in decision making.

Muchinsky (7) identified six factors when he uses the questionnaire developed by Litwin and Stringer when conducting his study. The factors that were identified by Muchinsky were interpersonal milieu, standards, general effective tone towards management, organization structure and procedure, responsibility and organizational identification.

At the local scenario, the study done by Raja Azimah and June Poon (3) based on questionnaire developed by Litwin and Stringer to determine the variables that constitute the organizational climate

construct of a manufacturing company. Nine variables were identified mainly risk and conflict, reward, autonomy, identity, cooperation, support, rules, orientation, clarity of structure and performance standard.

Based on the numerous study it can be conclude that there was a diversity in the number of climate dimensions eventhough same questionnaire were used in their studies. However, Campbell, Dunnette, Lawler and Weick as reported by Azimah and June Poon (3) had identified four common factors in most of the studies. The factors were individual autonomy, degree of structures imposed upon the position, reward orientation, and consideration, warmth and support.

Muchinsky (7) reported that while some factors appears to be common across those climate studies, some factors appear to be specific to certain studies. Muchinsky (7) also suggested that factor analysis of a climate questionnaire be routinely employed to determine the climate constructs since inconsistent reliability and validity were found especially on heterogeneous organization.

2.4 CONCLUSION

The concept of organizational climate contains considerable potential for describing and understanding the behaviour of individuals within organizations. However, the movement from the conceptual to measurement level has posed a number of problems and ambiguities as reported by D Doraisamy (8 pg 40). Despite the problem of validity, Hellringer and Slocum (5) reported that not less than thirty one studies on organizational climate were published.

The studies done on organizational climate empirically proved that climate influences human behaviour in organizations, where the level of satisfaction, performance and motivation varied .

In short it can be concluded that organizational climate is an important concept to be integrated into Organizational Theory.

This studies hope to establish a link between the organizational and the individual needs .