

ORGANIZATIONAL CLIMATE TOWARDS ORGANIZATIONAL COMMITMENT - A STUDY

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ABSTRACT

The findings of the study indicate that the employees perceived the organizational climate of their organization to be at a moderate level. The mean values for the components of the organizational climate ranged from the lowest of 3.38 to the highest of 3.77 on the 5-point Likert scale. Continuance commitment appears to be the lowest of the three components of the organizational commitment construct with a mean of 3.22. In terms of the correlations between the variables, the results indicate that continuance commitment does not correlate with organizational design, teamwork, and decision-making. All other variables show significant positive correlations. Overall the findings of the present study indicate that there is a need to improve the current situation at Tech Mahindra Ltd. concerning all the components of the organizational climate and organizational commitment.

Key Words: Organizational climate, performance, commitment, normative commitment.

INTRODUCTION

Organizational climate survey is the closest thing a business can get to a Profit and Loss statement of how well a company uses its people (Hay, 2009). The feedback from the survey will provide an organization with an accurate picture of its current climate. This feedback will in turn help leaders understand the connection between their actions and the climate they create for their employees, and understand the climate they experience daily, can be used as part of an executive coaching intervention or any one-to-one coaching and developmental process, and can be employed as a Leadership Development tool either for individual leaders or across teams and work units (ay, 2009).

Organizational climate affects organizational performance by influencing employees' motivation. In most jobs, there is a gulf between what employees need to 'get by' and what they can do if they perform at their fullest potential. A positive organizational climate is said to be the catalyst that will encourage this discretionary effort and commitment.

Many organizational climate studies have been conducted across a range of industries in the world. Yet no specific empirical study of organizational climate in the Information Technology (IT) / Software industry, especially in India has been undertaken to ascertain what effect this construct has on organizational commitment. Therefore, the research question addressed in this study is: What is the nature of influence that organizational climate has on the organizational commitment of employees within the Indian IT industry?

REVIEW OF LITERATURE

The climate of an organization refers to those aspects of the environment that are consciously perceived by organizational members (Armstrong, 2003). In short, it refers to how the members of an organization

perceive it as it goes about its daily business. There is a general agreement that organizational climate is a multi-dimensional concept, and that several typical dimensions could be described. For this study, the dimensions of organizational climate examined were organizational design, communication, leadership, teamwork, decision-making, culture, job satisfaction, and motivation. Organizational design refers to the process of constructing and adjusting an organization's structure to achieve its goals. Communication refers to the evoking of a shared or common meaning in another person. Leadership involves influencing and directing people to achieve particular goals within a given time and place using the leaders' capability and skills to make people work together. Teamwork is a process of working collaboratively with a group of people, to achieve a goal. Organizational culture is described as a pattern of basic assumptions that are considered valid and that are taught to new members as the way to perceive, think, and feel in the organization. Job satisfaction is a self-reported positive emotional state resulting from the appraisal of one's job or job experiences (Lock, 1976). Finally, motivation is referred to as an internal state or condition that activates behavior and gives direction and it develops desire or want that energizes and directs goal-oriented behavior.

Organizational commitment has been conceptualized by Meyer and Allen (1990) as having three dimensions, which they identified as affective, continuance, and normative commitment. Affective commitment refers to the employee's emotional attachment to, identification with, and involvement in the organization. Employees with a strong affective commitment continue employment with the organization because they want to do so. Continuance commitment refers to an awareness of the costs associated with leaving the organization. Employees whose primary link to the organization is based on continuance commitment remain because they need to do so. Normative commitment reflects a feeling of obligation to continue employment. Employees with a high level of normative commitment feel that they ought to remain with the organization.

Past research findings have indicated that there exist relationships between the dimensions of organizational climate and organizational commitment. For example, Specter (1997) cites that satisfaction is a correlate and predictor of organizational commitment; Gregersen and Black (1996) posited that work process would enhance a sense of felt responsibility that led to an increase in commitment among employees; Varona (2002) found that there is a relationship between communication and organizational commitment in terms of feedback and responses from both upper level and employees; Mitchell et al (2001), Osbourn et al (1990), and Wellins, Byham, and Wilson (1991) indicate that teams contribute to a better outcome for the business organization due to employees commitment to the organizations; and Angle and Perry (1981) posit that proper leadership and motivation influence commitment and would result in organizational effectiveness. In addition, Steel et al (1992) found that employee perception of decision-making influence was positively correlated with organizational commitment of employees. Finally, organizational commitment has been often cited in the literature to be both a dependent variable as well as variable for antecedents such as age, tenure, and education (Mathieu and Zajac, 1990; Mowday et al., 1979; Dunham et al., 1994; Fauzuah 2008)

SCOPE OF THE STUDY

Employees' opinions on their company's external surroundings and internal working conditions are what make up an organization's "climate," but your search returned no results. For any business to thrive, an encouraging environment is necessary. When it comes to employees' productivity on the job, a positive work environment is crucial. No such similar research were discovered in the IT sector, according to the reviews. This is why Tech Mahindra, a company in the IT industry, was chosen for a study on the relationship between company culture and employee loyalty.

OBJECTIVES

Based on the above discussion, the objectives of the present study are:

1. To determine the level of the dimensions of the organizational climate of select organizations.
2. To examine the level of the dimensions of organizational commitment of select organizations.
3. To investigate the influence of organizational climate on the organizational commitment of employees of select organizations.

RESEARCH METHODOLOGY

Respondents and Data Collection

For this research, 150 employees from executive and non-executive levels in Tech Mahindra Ltd. have volunteered to participate in the study. A pilot test was done before the main study. Out of 150 questionnaires distributed to the company, a total of 108 questionnaires were completed and returned online with Google Forms.

Assessment Instrument

The Organizational Climate Survey instrument in this study was developed based on an established assessment instrument on organizational climate which includes Organizational Design, Communication, Leadership, Teamwork, Decision-Making, Culture, Job Satisfaction, and Motivation; and Organizational Commitment, instrument development by Allan and Mayer (1991).

The survey consisted of a series of 45 statements to which respondents were required to indicate based on a 5-point scale from strongly disagree to strongly agree and strongly dissatisfied to strongly satisfied. The responses to the survey were entered into a database and analyzed in a variety of ways using the Statistical Package for the Social Sciences (SPSS) analysis software.

Results of the Study

The respondents for Tech Mahindra Ltd. comprise 50 percent female and 50 male. The majority of the respondents are senior employees (50.5 %). Half of the total respondents are university graduates and have worked for more than 5 years in the organization (43.4%) and 30% have been holding the same position. In addition, 57.9% of respondents received income in an average of Rs. 2, 86,092 to 2, 79, 201 per Annam. The reliability test results and the means of the variables are shown in Table 1.

Table1: Reliability Test Results

S.No.	Organizational Climate: Components	Cronbach's Alpha	Means
1	Organizational Design	0.883	3.67
2	Communication	0.728	3.77
3	Leadership	0.848	3.59
4	Teamwork	0.828	3.55
5	Decision-Making	0.750	3.69
6	Culture	0.822	3.59

7	Job Satisfaction	0.695	3.38
8	Motivation	0.822	3.62
The total means for Organizational Climate is: 3.61			
S.No.	Organizational Commitment: Components	Cronbach's Alpha	Means
1	Affective Commitment	0.741	3.39
2	Continuance Commitment	0.714	3.22
3	Normative Commitment	0.717	3.46
The total mean for Organizational Commitment is: 3.36			

From Table 1 above, job satisfaction appears to have the lowest mean of 3.38 compared to the other components of organizational climate. Communication recorded the highest mean, i.e.3.77. Overall, the total mean value for Tech Mahindra Ltd.'s organizational climate is 3.61.

Table 2 shows the means for each statement on the assessment instrument.

Table 2: Individual Means – Organizational Design

S.No.	Organization Design	Mean	S.D.
1	The organization's goals are clear to me	3.71	0.700
2	The organization's objectives are clear to me	3.67	0.699
3	Employees have a shared understanding of what the organization is supposed to do.	3.65	0.715
4	Roles and responsibilities within the group are understood	3.67	0.786
5	Clear reporting structures have been established	3.70	0.678
6	Employees at this organization have the right skill sets to perform their job functions	3.61	0.809
Total Mean		3.67	

Source: Primary data

Employees in Tech Mahindra Ltd. are aware of the organizational design of the company. They have a moderately clear view of the objectives (mean=3.71) and goals (mean=3.67) and they know about their responsibilities towards the organization (mean=3.67). This is important as organization goals and objectives are a vital part that should be known and internalized by employees to perform, as well as having the right capabilities to perform their job functions. In addition, the employees moderately agree to a certain extent (man=3.61) that they have the right skills to perform their job functions.

Table 3: Individual Means – Communication

S.No.	Communication	Mean	S.D.
1	I receive the information to perform my job well	3.92	0.688
2	When I need help, I can ask others in my work group for suggestions or ideas	3.85	0.845
3	Our face-to-face meetings are productive.	3.54	0.785
Total mean		3.77	

Source: Primary data

Communication elements (Table 3) are at a moderate level. The mean scores range from 3.54 to 3.92. In Tech Mahindra Ltd., the mean values for leadership measures are all above 3.5. This means that the employees moderately agree that the leadership (Table 4) in the company is at a fair and acceptable level for them to perform their work routine.

Table 4: Individual Means – Leadership

S.No.	Leadership	Mean	S.D.
1	I am inspired by my manager	3.55	0.964
2	I clearly understand what my manager expects of me	3.69	0.851
3	My manager's actions are consistent with the company's values	3.59	0.878
4	My supervisor encourages people to speak up when they disagree with the decisions	3.51	0.894
	Total Mean	3.59	

Source: Primary data

Table 5: Individual Means – Teamwork

S.No.	Teamwork	Mean	S.D.
1	I feel my input is valued by my peers	3.63	0.746
2	I feel supported by other employees even in the face of challenging situations	3.65	0.778
3	People in other departments willingly share information with my department	3.35	1.029
4	Members of my work group vary widely in their skills and abilities	3.50	0.854
5	I have confidence and trust in my co-workers	3.64	0.769
	Total Mean	3.55	

Source: Primary data

Teamwork among the employees in Tech Mahindra Ltd. is at a moderate level. Nonetheless, the willingness to share information between employees from different departments appears to have a mean value that is lower than the other statements (mean=3.35). This could perhaps be because there are many departments in the company and competition is high between them. Therefore, they prefer not to share information.

Table -6 indicates a moderate level of employees' involvement in the decision-making process. The employees perceived that the organization has not made much progress in providing equal opportunity for all employees to make decisions (mean=3.52).

Table 6: Individual Means – Decision-Making

S.No.	Decision-Making	Mean	S.D.
1	I feel free to tell people higher up what I think	3.71	2.019
2	We seek multiple sources of information before making important decisions	3.80	2.296
3	I have the authority to do my job to the best of my abilities	3.83	0.841

4	I feel that this organization is making good progress in providing equal opportunity for all employees to make decision	3.52	0.819
5	I have chance to use my new ideas in my task	3.59	0.856
	Total Mean	3.69	

Source: Primary data

Table 7 shows that employees in Tech Mahindra Ltd. felt that they were not valued enough by the organization (mean=3.47). The employees in Tech Mahindra believe that they can, to a certain extent, balance their work and their personal life (mean=3.65). In addition, they feel that the morale of the employees in the company (mean=3.64), and working environment (mean=3.62) is at a moderate level.

Table 7: Individual Means – Culture

S.No.	Culture	Mean	S.D.
1	This organization has a good working environment	3.62	0.987
2	I feel valued as an employee	3.47	0.965
3	Morale is high across the organization	3.64	0.862
4	Employees have a good balance between work and personal life	3.65	0.814
	Total Mean	3.59	

Source: Primary data

As shown in Table-8, the employees are only moderately satisfied with their salaries (mean=3.15) at the same time, they experience stress at work (mean=3.34). Even though they are not satisfied with the changes in the salary increase they still like working in the organization (mean=3.86). This could be because there are no other jobs available to them then.

Table 8: Individual Means – Job Satisfaction

S.No.	Job Satisfaction	Mean	S.D.
1	In general, I like working here	3.86	0.863
2	The amount of work that I expected to do was reasonable	3.69	0.832
3	At work, I do not feel too much tension or stress	3.34	1.098
4	I feel satisfied with my changes for salary increases	3.15	1.145
	Total Mean	3.38	

Source: Primary data

Table 9: Individual Means – Motivation

S.No.	Motivation	Mean	S.D.
1	I am energetic and enthusiastic about my work	3.75	0.728
2	This organization challenges me to strive for ambitious goals	3.77	0.721
3	I receive a great deal of encouragement and recognition	3.46	0.830
4	I was appropriately rewarded for my performance	3.50	0.985
	Total Mean	3.62	

Source: Primary data

Table -9 shows that the level of motivation is Tech Mahindra Ltd. is at a moderate level (mean=3.62). Overall, the employees are moderately enthusiastic about their job (mean=3.75), strive for ambitious goals

(mean=3.77), and feel that they are moderately rewarded for their performance (mean=3.50). In addition, the employees do not feel that they receive a great deal of encouragement and recognition (mean=3.46).

Table 10: Individual Means – Affective Commitment

S.No.	Affective Commitment	Mean	S.D.
1	I would be very happy to spend the rest of my career in this organization	3.86	0.863
2	I enjoy discussing my organization with people outside	3.69	0.832
3	I feel as if this organization's problems are my own	3.34	1.098
	Total Mean	3.39	

Source: Primary data

Employees in Tech Mahindra Ltd. appear to have a moderate level of affective commitment with mean values ranging from 3.34 to 3.49. This indicates that employees do not have a high emotional attachment to Tech Mahindra Ltd., in other words, they work there not because they want to.

Table 11: Individual Means – Continuance Commitment

S.No.	Continuance Commitment	Mean	S.D.
1*	It would be very hard for me to leave my job right now even if I wanted to	3.55	0.993
2	Too much of my life would be disrupted if I decided to leave my job at this organization right now	3.49	0.894
3*	If wouldn't be too costly for me to leave my job at this company shortly	3.71	0.824
4	Right now, staying with my job at this organization is a matter of necessity as much as desire	3.55	0.815
	Total Mean	3.22	

Source: Primary data, *Reveres-worded statement

Table 11 shows that the statements in the continuance commitment measure have mean values from the lowest of 2.71 to the highest of 3.55. It seems that the employees in Tech Mahindra would not hesitate to leave the company in the future and this is not a good indicator for the company.

Table 12: Individual Means – Normative Commitment

S.No.	Normative Commitment	Mean	S.D.
1	Things are better when people stay with one organization for most of their career	3.45	1.002
2	I was taught to believe in the value of remaining loyal to one organization	3.32	1.009
3	I think that people these days move from one company to another too often	3.84	0.841
	Total Mean	3.39	

Source: Primary data

As indicated in Table 12, the mean values for the statements in the normative commitment measure range from 3.32 to 3.84. The employees' perceived job-hopping does take place, but not rampantly, and people do not believe in being loyal to just one organization.

In terms of the correlations between the variables, the results as shown in Table-13 indicate that continuance commitment has no correlations with organizational design, teamwork, and decision-making. In addition, normative commitment does not correlate with the decision-making component of the organizational climate. All other variables show significant positive correlations between them.

Table 13: Correlation between Employees' Organizational Climate and Organizational Commitment

Dimensions of Organizational Climate	Organizational Commitment		
	Affective	Continuance	Normative
Organizational design	0.536**	0.167**	0.452**
Communication	0.488**	0.301**	0.271**
Leadership	0.380**	0.376**	0.310**
Teamwork	0.469**	0.070*	0.267**
Decision-Making	0.264**	0.059*	0.187*
Culture	0.636**	0.326**	0.482**
Job satisfaction	0.596**	0.586**	0.429**
Motivation	0.597	0.491**	0.594**

*Significant at 0.05 level (2-tailed)

**Significant at 0.01 level (2-tailed)

IMPLICATION TO MANAGEMENT

The study reveals that five of the dimensions of organizational climate, which are job satisfaction, motivation, culture, leadership, and teamwork, are critical since they have the lowest mean values compared to communication, decision-making, and organizational design. In addition, all the components of organizational commitment appear to have low mean values.

The main issue in Tech Mahindra Ltd. is that the employees are ready for a job hope if and when they have better job offers in the future. To mitigate this risk, management should develop strategies to retain employees to avoid high labor turnover in the future. Another issue that arises from the employees is the fact that salaries are not up to their expectations. Phillips (1990) suggests that the cost of employee turnover averages approximately 1.5 times the annual salary of the worker being replaced. This estimate includes not only direct recruiting costs associated with filling a position but also the lost productivity in the workplace as departing employees prepare to leave and then as positions are left vacant until a replacement is found.

The overall level of organizational climate for Tech Mahindra Ltd. is at best moderate. There is a variable that had a mean value of equal or more than 4.0. The critical issue that Tech Mahindra Ltd. faces is that the employees are not satisfied with their salaries and they also feel that they have not been appropriately rewarded for their performances. The company should re-evaluate the salary package to make sure that it meets the market rate. The rewards package or known as the 'fringe benefits' also has to be evaluated to make it more attractive. A study by Rose & Hrens (1996) found that 82 percent of managers believed that work/life benefits would become increasingly important to ensure productivity and reduce absenteeism

and stress. Many employers not only expect family-supportive fringe benefits to provide personal value to workers but also to improve productivity and profitability.

Most of the respondents in Tech Mahindra Ltd. suggested that the company should evaluate the employee's salaries since the pay for these employees are low and most of them are receiving lower than Rs. 50,000 per month. Pay alone may or may not be the only issue that determines the feelings of dissatisfaction of the employees. Other things besides pay are needed to attract, retain, and motivate employees. According to McAdams (1996), the reward plan is a way to energize people and hone their skills and attention so that they are operating at close to peak performance. One type of reward plan is called cafeteria compensation. The cafeteria compensation promotes a compensation policy that allows employees to configure their compensation package. For an organization to consider this solution, it needs to understand five key components of cafeteria compensation criteria:

- A. A clear understanding of what organizations pay employees for;
- B. An understanding of what accomplishment organizations want from employees;
- C. An understanding that employee compensation consists of both investments and rewards;
- D. An understanding of the need to articulate the compensation philosophy in a compensation policy; and
- E. A compensation distribution matrix.

Other than tangible benefits, the compensation can also be in terms of intangible or known as the softer side or compensation. The researcher finds that to retain the employees, organizations must also compensate them with intangible benefits, such as:

- A. Meaningful work – Employees have challenging and significant work;
- B. Business Information – Employees have a solid understanding of the business and ongoing access to relevant information;
- C. Leadership – Top leadership is fully committed;
- D. Employee involvement – Employees make meaningful decisions or have an input into significant decisions;
- E. Performance feedback – Employees get ongoing feedback from multiple sources on their contribution to the business;
- F. Career management – The Company makes a long-term commitment to employee career growth.

One of the critical issues that should be of the main concern of Tech Mahindra is the fact that the majority of the respondents who answered the open-ended questions have emphasized their dissatisfaction in terms of the high level of cronyism. This issue should be of concern to the company as this may affect the morale of the employees. To deal with this situation Tech Mahindra Ltd. needs to consider organizing or conducting values and ethics training programs to ensure that its employees understand the real value(s) and work ethics espoused by the company.

The correlations between the majority of dimensions of organizational climate and organizational commitment show that organizational climate is significantly and positively related in a Malaysian Telecommunication environment. Knowing that this type of relationship exists between organizational climate and organizational commitment may allow management to find ways to potentially reduce absenteeism, and turnover, and minimize other negative aspects of the workplace. Management then can look at both organizational climate and organizational commitment variables to identify targets for improvement.

The findings of this study have a few implications for human resource management (HRM). First, the climate of an organization affects both the employees' physical exertion of their bodies and the mental exertion of their minds. Guzley (1992) discovered that a willingness to exert considerable effort on behalf of the organization is one aspect of organizational commitment. Effort tended to be related to those employees who had a sense of control over their job situations and were committed to the organization (McMurray, Scott, and Pace, 2004). Furthermore, a positive organizational climate encourages commitment to the organization. Thus HRM practitioners should do all they possibly can to help create positive employee perceptions since those positive perceptions are the heart of the organizations are the heart of the organization's climate and employee commitment. Second, HRM practitioners need to be aware of ways to measure the climate generated by employee perception. They must gain information from the organizational climate survey from the employees' perspectives and pay particular attention to what employees consider to be the main constraints to developing positive perceptions of aspects of the organization. Finally, HRM practitioners should get support from the top management and be prepared to get them to act on the information obtained from the organizational climate survey. Hence, HRM practitioners should prepare a plan of action to deal with the negative perceptions that could lead to an unhealthy climate.

CONCLUSION

In conclusion, it is hoped that this research will guide Tech Mahindra Ltd., to improve its employees' level of performance, productivity, and efficiency and to create an environment in the organization as the most attractive and conducive place to work. This study should be seen as a key step in the formulation of a transformation action guide for Tech Mahindra Ltd., to indicate problematic areas in working life at the company. It is anticipated that this study will serve as a 'baseline measure' of the organizational climate at Tech Mahindra Ltd., partly to describe the climate at present, but also to identify aspects that can be changed. In other words, it is an indication of the company's decision to follow evidence-based planning and intervention in its transformation action plan. If the study is to be repeated some years later, it will enable a comparison between these 'baseline measures' and subsequent changes. It is hoped that the findings of this study will aid Tech Mahindra Ltd., in improving the organizational climate and increasing the commitment of their employees.

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