

Impact Of Organizational Climate On Employee Efficiency And Productivity

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Abstract

Creating and developing the competitive advantage is one the main goals of organization. All companies try to gain an edge over others. This can be done by developing a healthy, positive work environment .Organizational climate is the sum of all aspects that help in improving work environment of organizations and have influence on working of employees, employee satisfaction and productivity. The study aims at analyzing the effect of organizational climate on the performance of employees, employee relationships and productivity. It aims at providing insights how we should change the work environment of organization that it help is resolving employee disputes and overcoming conflicts. The organization climate should be such that it provides proper redressal mechanism for solution of conflicts and leading to positive work culture. The research is done by analysing the various literature reviews and data available in order to find the relation between two variables and its impact on organizations performance. The study reveals the positive relation between employee relationship and organizational climate. Positive and motivating organizational climate result in greater level of commitment of employees, which result in improving employee performance and building strong relationship between organization, employer and employees. Healthy environment helps in integrating organizational and human goals and creating a mutual development atmosphere for growth of individual as well as organization as a whole. Study of this research paper will guide the readers to develop an environment which help in creating employee loyalty and commitment and reducing employee turnover. Organizational climate play a major role in stability of organization and is one of the most important variables for growth of organizations thus this study has great implications for future of organizations.

Key words

Organizational climate motivation employee retention employee performance

Labor productivity

Research problem

- To have conceptual understanding of organizational climate.
- To study in detail the feature of organizational climate and know how good work environment can be created that it leads to development of individual and organization as a whole
- To understand the effect of organizational climate on employee relationship, employee performance, reduced employee turnover and labor productivity.

Research methodology

The research is basically the exploratory research. It is a research based on qualitative data acquired with help of literature review and explains the basic concepts by different perspective. It provides how the things are not how they should be. The paper is written for the conceptual understanding of

readers about the organizational environment and its impact on employee performance, commitment and overall employee wellbeing.

Background and literature review

Climate is basically condition of the weather for period of years exhibited by wind, temperature, precipitation and velocity. Organizational climate is quite different not incorporating features of general climate. It is basically the conditional of organization and work environment and the impact of these conditions on the employees of organization.

In modern world of 21st century many challenges are faced by organizations and there is rapid growth of challenges than before. One of these challenges is Organizational climate. Creating a healthy work environment is a challenge which is faced by mostly all the organizations in the world. Positive environment helps in achieving competitive advantage and outshine others.

As per Watkins and Hubbard, those companies who are performing well have the climate which measures the key characteristics like business performance, employee satisfaction etc. These organizations have interest in understanding the effect of work environment on employee's relationship with organization, employee perception and performance.

Yee Poh Li and Ananthaxmi Mahadevan (2017) conducted a research with an aim to study the effect of organizational climate on performance of employees. This research was performed by studying variety of variables of organizational climate which included communication, role clarity, reward system, team work, career and development, support and direction and relationship management. The research concluded that all the above factors have significant and positive impact on the employee performance. The study was done with the combination of descriptive and exploratory techniques and resulted in proving the strong impact of various organizational climate variables in boosting the performance of the employees.

Aysenberberoglu(2018) performed a research to study effect of organizational climate on employee performance and employee commitment. The research revealed that the healthy climate in organization result in change in employee attitude towards organization and help in generate more commitment and loyalty. This will help the firms to reduce employee turnover. The paper concludes the positive relation between employee commitment and organizational climate. The healthy environment fosters the performance of employees and result in overall development of the organization. According to findings the positive environment at work place will solve many of problems and will provide stability in employees of firm which is essential for long term goals of the firm.

K Haritha and Dr S.EV Subhramanyam conducted a research on the topic, how organizational climate help in achieving the competitive edge over others. The result stated that having healthy environment help in maintaining the personal relationship, proper conflict management and participative employees. This environment fosters the involvement of all and generates a feeling of belongingness in the employees. Thus employees remain loyal to organization and these firms always gain competitive advantage in attracting more skillful employees.

DrVikasMadhulkar (2017) performed a research to study the relation between organizational climate and employee motivation. According to him motivation plays a major role in influencing the employee behavior. How an employee behaves in a organization has great impact on success of that organization. Positive and healthy organizational climate is the one which provides the opportunity to employees to grow. These opportunities have direct impact on motivating the employee to work and

satisfy their esteem needs. Thus the research revealed the significant relation between the organizational climate and employee motivation.

Organizational climate

Organizational climate is basically the perception of employees about the psychological aspect of work culture and work environment which have direct impact on well being of employees, employees work behavior and job satisfaction level. It covers various characteristics of organization which define it and differentiate it from other institutes. The organization need to study the perception of each individual towards organizational climate as every individual have different perception and perceive it differently.

Organizational climate also cover the organizations norms, rules and policies which effect the working of organization. The healthy environment motivates the employee and help the coordinate their individual goals with organization goals. An individual will be able to work with full dedication only in a positive environment where he feels himself as an important part of organization.

Organizational climate is not a direct term it is a controversial issue which is explained differently by different persons. Broadly it includes many independent and dependent variables which affect the behavior of employees and trigger them to work in a desired way over a period of time. Internal environment study the behavior of employees, interaction between employees at different level, function of employees, norms policies work culture etcwhere as external environment deals with competitors, customers and other threats and opportunities. There have been lots of controversies by various researchers to even agree on these defined dimensions of organizational climate

Features of Organaisational Climate:-

1) General Perception

Organizational climate generally describe what organization is all about. It is the summary of perception or image what people have formed about the organization. It deals with the impression of people towards the organizational policies, structure and its internal environment

2) Intangible concept

Organizational climate is not the quantitative but the qualitative concept. It cannot be measured in numbers or units thus it becomes difficult to explain the organizational variables that effect the organizational climate.

3) District and Unique identity

Organizational climate help to provide a unique differentiated identity to the firm. It helps to separate one firm with other and thus explains how our organization is unique and different from others.

4) Enduring Quality

Organizational climate is not a one day concept. It take a long period of time to build an organizational climate. It aims to reflect the enduring quality of organization structure and internal environment that is experienced by employees and other members in the organization

5) Multidimensional concept

Multi means many and dimension means variable. Organizational climate consist of multi variables which affect it, these are authority structure, autonomy, leadership style, degree of conflicts, pattern of communication and cooperation etc.

Impact of org climate

Organizational climate effect the performance of employees to a greater extent as it has a huge influence on job satisfaction and motivation of individual employees. Organization climate basically describe the environment in which employee work and feel dissatisfied or satisfied. Satisfaction further effects the efficiency in working of employees.

Thus organizational climate affect the employees with effect on satisfaction, performance and attitudes. The climate effects the employees behavior by working on four main mechanism.

1) Constraint System

Organizational climate also work as a constraint system in both negative and positive sense. This is done by giving information to the organization members about what kind of behavior is expected by supervisors. What behavior standards will be punished ignored or what behaviors will be rewarded. Thus the behavior of employee can affect the degree of punishment and rewards. Organizational climate as a constraint system effect the behavior of such employees for betterment of organization and asses the specific values which are needed by them.

2) Evaluation of members

Organizational climate may also affect the behavior of employees by the evaluation of them. In this process both the psychological and physiological variables will be studied. Such evaluation also affects the behavior of employees.

3) Acting as Stimuli

Organizational climate also act as stimuli which also influences employee behavior. As stimuli they motivate the employees by influencing the level of arousal which further affects the level of activation of employees and hence improve performance.

4) By helping employees to build a perception

Organizational climate variables help individual to form a perception towards the organization. The strong positive perception improves the working of employees where as negative perception will result in dissatisfaction and increase employee turnover.

Implication of research

Organizational climate is the set of various variables that are induced in the organization that help in deciding the way the organization deal with the employees. For an individual employee the climate is the set of rules and regulations, employee autonomy and outcome of employee behavior. Organizational climate have great impact on the working of employees, employee relation, satisfaction and loyalty for organization.

• **Organization climate and employee performance**

Organizational climate helps in enduring the employee performance and improving the internal environment. Healthy climate have proper set of described rules and regulations. The organization climate will be positive when they non discriminating policies and foster growth of employees. The

organizations which provide equal opportunity to the employees and create a culture of development and growth opportunities in organization have long term advantage for their firms. Positive and motivating climate of organization help in fostering the employee performance.

- **Organization climate and employee relation**

Good climate provide proper mechanism for maintaining inter personal relationships between employee and employer. Proper grievance handling mechanism is to be provided by organization to prevent conflicts in organization. This study of paper will help in understanding the grievance handling ways and how proper handling of conflict will help in creating positive sustainable organizational climate.

- **Organization climate and job satisfaction and job loyalty**

Healthy environment help in releasing stress of the employees. Without stress the employees can give their 100 % to their work. The positive culture will provide more satisfaction to employees and encourage them to grab their opportunities and help in overdevelopment of employees and organization. Good climate and employee relations reduce employee turnover and help organization to sustain human assets in their firm. As employees become loyal to organization when the environment is such that provides the opportunity to grow and satisfy esteem needs.

Thus we can conclude that the research paper will be of great advantage for the organizations and will help in sustainable development. The study of organizational climate is the need of hour and important variable for growth of any firm.

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