
IMPACT OF COMMUNICATION, DECISION-MAKING AND ORGANIZATIONAL GOALS ON 'ORGANIZATIONAL CLIMATE'

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Abstract

The era of globalization has brought many challenges and opportunities. Field of banking is also untouched by the waves of it. In the era of globalization, we cannot meet the international standards without ensuring healthy climate in banks. Since banking plays a very crucial role in the overall development of a nation, the nation got inspired to explore these issues that affect organizational climate of these institutes. The present status of banking in India is matter of discussion. It still needs a lot of improvement. The quality of banking services depends primarily on quality manpower in banks. Human resource in the central resource of an organization that can be hired and retained by ensuring healthy environment. Banks cannot expect to achieve their vision, mission, goals, objectives etc. without effective, efficient, competent, committed, devoted, and loyal employees.

Keywords: *Banking, Climate, Communication, Decision-making and Goals.*

Introduction

Organizational climate is a relatively enduring quality of the organization, which is experienced by its members. It has an effect on their behaviour, and how the organization functions. Organizational climate, however, proves to be hard to define, due to the following two in especially intractable and related difficulties.

- How to define climate and
- How to measure it effectively on different levels of analysis.

Furthermore there are several approaches to the concept of climate, of which two in particular have received substantial patronage:

- The cognitive schema approach and
- The shared perception approach.

Cognitive Schema Approach

This approach regards the concept of climate as an individual perception and cognitive representation of the work environment. From this perspective climate assessments should be conducted at an individual level.

Shared Perception Approach

This approach emphasizes the importance of shared perceptions as underpinning the notion climate. It is important to realize that from these approaches, there is no 'best' approach and

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they actually have a great deal of overlap. For a good climate, a change is indeed, very much necessary and a proven requirement.

Review of Literature

Ritu Lehal (2001) conducted a study of organizational climate in electronics industry in Punjab". The main objective of the paper was to study organizational climate in five units of electronics industry in Punjab and to make a comparative analysis of organizational climate in the units under study in order to rank the units/firm². Anjou Mehrotra in her Ph.D. thesis titled, "A Comparative study of leadership styles of principals in relation to job satisfaction of teachers and organizational climate in government and private schools of Delhi" (2002) collected sample of 1120 from 28 government and 28 private senior secondary schools of 09 districts and 28 zones for measuring organisational climate. The purpose of the study by Michael D. Thompson "Organisational climate perception and job element satisfaction: A Multiform application in a Higher Education Setting" (2003) was to examine differences in job element satisfaction between a 'balanced' or 'unbalanced' organizational climate as perceived by college administrative and support staff.

Personal assessment of the college environment (PACE) of Polk community college, Winter Haven, Florida was held by the National institute for leadership and institutional effectiveness and Karen Haley, North Carolina State University and Peter Usinger in April, 2003. In October 2004, six seconds (the published of LCA, Lights, Camera, action) invited professionals from many careers and nations to complete the survey via the organization's internet site. The LCA Assessment provides a snapshot of the current organizational climate. A Vinash Kumar Srivastav in his study, "climate across management levels in an organization" (2005) used the construct proposed by Pareek in the form of motivational analysis of organizations – climate (MAO-C). MAO-C is based on capturing the perception of the organisational members on different organizational dimensions. Alavi Humid and Hahandari, Ramah conducted a study, 'organizational climate of Kerman Said Baconer University: Its comparison with the desired organizational climate from the viewpoint of the personnel (staff) of the University'.

Organizational Climate Measurement

Organizational climate can be measured using the following concepts.

- Trust
- Morale
- Conflict
- Rewards Equity
- Leader Credibility
- Resistance to change
- Scope gloating.

Individual Psychological Climate

At an individual levels of analysis, the concepts is called individual psychological climate. These individual perceptions are often aggregated or collected for analysis and understanding at the team or group level, or the divisional, functional, or overall organizational level.

Psychological Organizational Climate

The definition of the psychological climate is; it refers to the perceptions held by the individuals about the work situation. The psychological climate is a summary feeling about actual events based upon the interaction between actual events and the perceptions of those events. The psychological climate is the description and not the evaluation of experience also it refers to the beliefs and attitudes held by individuals about their organization. The organizational climate can be measured as the individual's perception of the organization's psychological climate. The researcher attempted to follow the same process in his study.

The Competing Values Framework and Climate

The competing values approach enables to sort out variations in climate and categorize climates according to their major characteristics. Competing values framework can be used to measure climate and relate it to organizational characteristics. It is found that different climates are correlated with different organizational characteristics.

Different Organizational Characteristics Are

- Centralization
- Formalization
- Long – term planning

The Psychological Climate has been Measured Using Dimensions as

- Disengagement
- Hindrance
- Esprit
- Intimacy
- Aloofness
- Production emphasis
- Trust and consideration

Objectives of the Study

- To analyze Organizational climate and its measurement.
- To perform and give the comparative picture between Private banks and Public sector banks.
- To study the level of agreements on dimensions such as communication, decision-making and organizational goals.
- To perform differential analysis on the above mentioned dimensions.

Research Methodology

Research design – Descriptive; Sample size – 198. Sampling Area – Bank employees in Trichy region; and Research Instrument – Interview Schedule.

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Level of Agreements on the Dimension 'Communication'

Sl. No.	Factors/Statements	Level of Agreement		
		Agree	Undecided	Disagree
1.	My bank maintains good communication network with staff	93 (47.0)	28 (14.1)	77 (38.9)
2.	The vision and mission of the bank is clearly spelt out	98 (49.4)	18 (9.1)	82 (41.4)
3.	The targets are informed to the employees very clearly	89 (45.0)	20 (10.0)	89 (45.0)
4.	The feedback for every work is sought and analyzed	107 (54.0)	9 (4.5)	82 (41.5)
5.	The result of the feedback is informed to the staff	97 (49.0)	3 (1.5)	98 (49.5)
6.	Corrective measures on the commission and omission are clearly explained to the employees	98 (44.5)	20 (10.0)	90 (45.5)
7.	The management use e-media, internet, intranet and extranet facilities for quick communication	84 (42.4)	41 (20.7)	73 (36.9)
8.	We are more informative about banking system and approach	106 (53.6)	5 (2.5)	87 (43.9)

Note: Figures in the parentheses indicate percentages.

From the table, it is ascertained, that, most of the managements get feedback of the work done. But for other seven factors, the responses have been divided mostly equal. The factor regarding use of e-media is still to be worked out in most of the banks. However, the employees are informative about the banking system and approach.

The overall opinion is that, most of the banks is lacking in proper communication system.

Level of Agreement on the Dimension 'Decision Making'

Sl. No.	Factors / Statements	Level of Agreement		
		Agree	undecided	Disagree
1.	The management alone makes own decisions	81 (40.9)	10 (5.1)	107 (54.0)
2.	Prior consultation is usually done, but the decisions rests entirely with the management	76 (38.4)	65 (32.8)	57 (28.7)
3.	The decision emerges as the result of joint boss-subordinate discussions	49 (24.7)	80 (40.4)	69 (34.8)
4.	Management delegates decisions to the subordinates	33 (16.7)	74 (37.4)	91 (46.0)
5.	No advance information is given to employees about the decision to be taken	58 (29.3)	63 (31.8)	77 (38.9)

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6.	Employees are informed in advance about the decision to be made	35 (17.7)	71 (35.9)	92 (46.5)
7.	Staff's opinions are taken into account in the decision making process	38 (19.2)	70 (35.4)	90 (45.5)
8.	Employees' have a veto, on the decision made by the management	26 (13.1)	80 (40.4)	92 (46.4)
9.	The decision is completely in the hands of staff, with no distinction between management or the facilities	25 (12.6)	66 (33.3)	107 (54.1)

Note: Figures in the parentheses indicate percentages.

It is ascertained from table, except the factor 2, the employees disagreed with all the statements. Interestingly, except on statement 1, they are mostly undecided on the statement.

Hence it is concluded, the decisions are made only by the management and the staffs are completed to implement the decisions.

Level of Agreements on the Dimension 'Organizational Goals'

Sl. No	Factors / Statements	Levels of Agreement		
		Agree	Undecided	Disagree
1.	The goals are fixed without describing without describing with faculty / employers	93 (46.9)	12 (6.0)	93 (46.9)
2.	The management makes all infrastructure facilities to achieve the goal	78 (39.4)	18 (9.1)	102 (51.5)
3.	My bank is ethical conscious	99 (49.5)	1 (0.5)	98 (49.0)
4.	The target or the goal usually be communicated to all the staff	92 (46.5)	8 (4.0)	98 (49.5)
5.	Staff are given training courses to adapt the new technology	112 (56.6)	3 (1.5)	83 (41.9)
6.	Employees are made aware of the pros and cons regarding the change	106 (53.5)	3 (1.5)	89 (45.0)
7.	The goals are very clear	84 (42.4)	17 (8.6)	97 (49.0)

Note: Figures in the parentheses indicate percentages.

From the table, it is understood that, the responses have equally divided as agreed and disagreed to all the seven statements. So these seven factors are not at all fully active in the banks. Some of the banks may follow any one or more of these factors. However, still, most of the banks have no clear cut goals with regard to excellence.

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Dimension: Communication**Null Hypothesis**

There is no significant difference in the perception between private and public sector bank employees with regard to the dimension 'communication'.

The following table provides necessary statistical data namely mean and t-values for testing the null hypothesis stated above.

Differential Analysis on the Dimension "Communication"

Sl. No.	Statements	Mean score		't' value	Level of significance
		Private Banks	Public sector Banks		
1.	My bank maintains good communication network with staff	3.3663	3.5263	-0.84	0.404
2.	The vision and mission of the bank is clearly spelt out	3.1683	3.5368	-1.82	0.070
3.	The targets are informed to the employees very clearly	3.1287	3.4947	-1.79	0.075
4.	The feedback for every work is sought and analyzed	3.3663	3.5789	-1.02	0.309
5.	The result of the feedback is informed to the staff	3.1881	3.5263	-1.58	0.117
6.	Corrective measures on the commission and omission are clearly explained to the employees	3.1287	3.4421	-1.51	0.133
7.	The management use e-media, internet intranet and extranet facilities for quick commission	3.0693	3.3263	-1.21	0.228
8.	We are more informative about banking system and approach	3.1881	3.5263	-1.57	0.118

An inspection of the table shows that, the t-values of all the eight factors given as statements are statistically not significant, because the t-values are lesser than the tabled t-value of 1.96. Hence the null hypothesis stated above is accepted. It is concluded that there is no difference of perception between the employees of the private and public sector banks with regard to the above all eight factors under the dimension communication.

Dimension: Decision Making**Null hypothesis**

There is no significant difference in the perception between private and public sector bank employees with regard to the dimension 'decision making'.

Differential Analysis on the Dimension "Decision Making"

Sl. No.	Statements	Mean score		't' value	Level of significance
		Private Banks	Public sector Banks		
1.	The management alone makes own decisions	2.8713	2.6089	1.39	0.166
2.	Prior consultation is usually done, but the decisions rests entirely with the management	2.8911	3.1158	- 1.40	0.162
3.	The decision emerges as the result of joint boss-subordinate discussions	2.4752	2.7660	- 1.65	0.100
4.	Management delegates decision to the subordinates	2.2376	2.5053	- 1.53	0.129
5.	No advance information is given to employees about the decision to be taken	2.6931	2.4396	1.36	0.177
6.	Employees are informed in advance about the decision to be made	2.2376	2.5161	- 1.54	0.126
7.	Staff's opinions are taken into account in the decision making process	2.3970	2.6526	- 1.88	0.062
8.	Employees' have a veto, on the decision made by the management	2.1782	2.4348	- 1.63	0.106
9.	The decision is completely in the hands of staff, with no distinction between management or the facilities	2.1782	2.2688	- 0.59	0.554

An inspection of the table shows that the t-values of all the nine factors given as statements are statistically not significant, because they are lesser than the tabled t-value of 1.96. Hence the null hypothesis stated above is accepted. It is concluded that, there is no difference of perception between the employees of the private and public sector banks with regard to the above all eight factors under the dimension communication.

Dimension: Organization Goals**Null Hypothesis**

There is no significant difference in the perception between private and public sector banks employees with regard to the dimension 'organizational goals'.

Differential Analysis on the Dimension "Organizational Goals"

Sl. No	Statements	Mean score		't' Value	Level of significance
		Private Banks	Public sector Banks		
1.	The goals are fixed without describing with faculty/employers	2.9307	2.5417	1.86	0.065
2.	The management makes all infrastructure facilities to achieve the goal	2.5941	3.0833	-2.00*	0.047
3.	My bank is ethical conscious	2.7723	3.2292	-1.79	0.075
4.	The target or the goal usually be communicated to all the staff	2.5347	3.1771	-2.61*	0.010
5.	Staff are given training courses to adapt the new technology	2.8119	3.3125	-2.01*	0.046
6.	Employees are made aware of the pros and cons regarding the change	2.8317	3.2292	-1.59	0.112
7.	The goals are very clear	2.4752	3.1979	-2.97*	0.003

*Significant at 5 percent level.

From the table, it is ascertained that, the t-values of the three factors namely "the goals are fixed without discussing with faculty / employees (1.86)", my bank is ethical conscious (1.79) and employees are made aware of the pros and regarding the change (1.59) are lesser than the tabled t-value of 1.96 and hence statistically not significant. Hence the null hypothesis is accepted with regard to the above three factors that no difference of perception between the employees of private and public sector banks. However, the t-values of the other four factors, the management make all infrastructural facilities to achieve the goal (2.00). The target or the goal usually is communicated to all the staff (2.61). Staffs are given training courses to adapt to the new technology (2.01) and the goals are very clear (2.97) are greater than the tabled t-value of 1.96. Hence the null hypothesis is rejected. So it is concluded that there is significant difference of perception between the employees of the private and public sector banks on the above four statements.

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