

ORGANISATIONAL CLIMATE AND JOB SATISFACTION AMONG BANK STAFFS: AN EMPIRICAL STUDY IN MADURAI DISTRICT

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Efficiency is a vital indicator of economic performance. In more pragmatic terms, it is a prime determinate of economic well being. It affects job creation, the rate of inflation, the balance of payment and the future of the economic development. Efficiency, as understood in common parlance, measures the output - input - ratio. That is, it measures the output per unit of input employed (Srivastava and Sharma, 1984). Performance improvement approaches (Dean and Ripley, 1997) combine various applied models that were developed during the past three decades and the have been used to assess and analyse human performance. These approaches, developed principally in the North American context, are designed to positively modify the performer's outcomes and accomplishment in the work place. The main approaches to performance improvement are Human Resource Development (HRD), Human Performance Technology (HPT), Organisation Culture, and Organisation Climate. Hence the in this study has been undertaken to study how organization climate influences the performance of banks.

Organisational Climate

Organisational Climate is comprised of mixture of norms, values, expectations, policies and procedures that influences work motivation, commitment, and ultimately, individual and work-unit-performance (Kelly, Joe, 1980). Organisational Climate refers to the quality of work environment. If people feel that they are valued and respected within the organization, they are more likely to contribute positively to the achievement of business outcomes. "Climate for an organization is some what like the personality a person. Just as every individual has a personality that makes each person unique, each organization has an organization climate that clearly distinguishes its personality from other organizations (James, Milbrown, 1980). Organisational climate is one of the most important concepts to enter into the organizations in this century. The intensive research as well as debates on its conceptualization, and assessment during the last three and a half decades seems to have helped to develop organizational climate as a mature concept in management. The concept has also proved useful in predicting and explaining a variety of job-related behaviour, attitudes and performance and organizational performance.

Literature Reviews

Kangis and William (2000) identified the positive impact of organizational climate on the corporate performance. Srivastav (2005) used the construct proposed by Paneek in

the form of motivational analysis of organization climate. It is based on capturing the perception of the organizational members on the organizational dimensions namely interpersonal relationships, supervision, problem management, management mistakes, conflict management, communication, decision making, and trust, management of rewards, risk taking and innovation and changes. Shukla and Mishra (2006) analyzed the organizational climate of professional colleges with the help of development of employees, leadership, recruitment and promotion, training, co-operation, trust, interpersonal relationships and decision making. Rodrignes (2005) identifies that the HRD climate in engineering colleges are satisfactory. He identified the important dimension are training and development, participative management, monetary benefits, interpersonal relations, objectivity and rationality, scope for advancement and supervision, mentioning and counseling. Krishnaveni and Ramkumar (2006) found that about 46 per cent of the variance in role satisfaction was explained by the HRD climate factors. The most influencing variables were employee. Initiatives and Management, Encouragement (EIME) and team spirit. Chartman and John (1994) identified the positive impact of organizational cultures on the organizations. Despande et al., (1993) found that higher levels of business performance were associated with a culture of innovation and flexibility. Vijila Kennedy (2006) examined the relationship between organizational climate and employee efficiency and revealed that organizational climate of the bank is a good predictor for efficiency of bank. The important discriminators among the banks with high and low employee efficiency are outcome orientation and learning environment. Even though, there are so many previous studies related to organizational climate in various fields, only limited studies in banking field. Since, the banking industries is facing a cut throat competition especially after globalization, they have to keep a good organizational climate to perform well. Hence, the present study focuses on this aspect.

Job Satisfaction and Organizational Climate

Several comprehensive research studies show that organizational climate has been defined and measured in a variety of ways. Organizational climate construct has been clubbed with organizational and social variables that are related to worker's job environment. The most common view of climate is that it represents the worker's perceptions of his/her work situation including the characteristics of the organization he/she works for and the nature of his/her relationships with other people while doing his/her job. Thus, climate is conceptually distinct from, and either causes or moderates, the worker's affective evaluations and attitudes concerning his/her job and work environment (i.e., job satisfaction).

In various studies organizational climate and job satisfaction were measured through employee's perceptions. One of the studies was carried out by Friedlander and Margulies (1969) which was based on perceptually-based data from an electronics firm.

They studied the multiple impacts of organizational climate components and individual job values on worker satisfaction. They found that organizational climate had a significant effect on employee's job satisfaction. Pritchard and Karasick (1973) surveyed bank customers and learned that their perception of the bank's climate was related to a form of bank switching (customer dissatisfaction). Those customers switched the bank more frequently who perceived their bank's climate to be negative than those who thought their bank to be a customer - employee centered.

Relationship between Organizational Climate and Job Satisfaction

There is relatively a stronger relationship between organizational climate and employee satisfaction, even if it is moderated by individual differences (Chatman, 1991; O'Reilly). Employee satisfaction is highest when individual needs and the climate in the organization are perceived to be congruent. The variables such as mentally challenging work, equitable rewards, supportive working conditions, less standardization makes positive contributions to the job satisfaction. Highly supportive climate is more likely to be associated with higher job satisfaction regardless of the personality characteristics (Pritchard and Karasick, 1973). In Indian context, a positive relationship between job satisfaction and individual dimensions of organizational climate such as leadership, communication, interaction, influence in decision making, goal setting and control has been found (Aileni and Prasad, 1995 and Srivastava & Pratap, 1984). Singh (1988) studied job satisfaction in relation to nine dimensions of organizational climate and observed a positive relationship between all those dimensions and satisfaction.

Need for Study

Increasing job satisfaction and developing proper climate to work may well be the area where we can hope, significantly, to raise the level of executive performance and achievement. Putting pressures on people may temporarily get better performance, but at the cost of the asset called climate. Many of the research efforts, so far have been directed towards problems related to policies and programmes, training and development of employees etc., for improving the productivity of an organization. Although many studies have been conducted individually either on job satisfaction or on organization climate. This research is an effort on understand the relationship between organizational climate and job satisfaction. The findings of the study will be useful for identifying and creating proper organizational climate in banking industry in Tamil Nadu. The study would lay down the ground for working out relevant remedial measures to strengthen the system. A few researches have been carried on to study either the relationship between the two variables or to study some other related factors or sub-factors of organizational climate and Job Satisfaction. This study is also an attempt in same direction but with a different orientation.

Research Methodology

Objectives of the Study

To study the relationship between Organizational Climate and Job Satisfaction.

Scope of the Study

The adoption of a liberal policy in Indian Economy opened up the doors for private and foreign companies in all spheres of business. Keeping pace with advancement. Banking Industry has shown noteworthy advancement in our country. The bank units taken up for this research work are public and private sector banks in Madurai District, Tamil Nadu. The persons working in the capacity of staffs have been selected for this study.

Sample of the Study

To study the relationship between Organizational Climate and Job Satisfaction in total, 660 staffs were selected from the 132 bank branches in Madurai district. The sample

size was determined with the help of the formula of $n = \frac{|Z\uparrow|^2}{D}$.

Data Collection

A self-administered questionnaire consisting of three parts is used in this study. Part A gathered employees' personal attributes and professional demographic information. Part B consists of items about organizational climate and Part C consists of items pertaining to job satisfaction. The language of the questionnaire is revised, wherever necessary, to make it easily understandable.

This study adopts Organizational Climate Questionnaire (OCQ) by Baldev R. Sharma (1989) as the instrument, which was designed especially to assess and measure employees' perceptions of psycho-social dimensions of the environment of the industry. OCQ has been chosen as the instrument to measure organizational climate based on its noteworthy features such as its consistence with the literature, coverage of Moo's three general categories for conceptualizing all human environments, salience to employees and specific relevance to industry. Furthermore, its relevance to any other contemporary industry makes it suitable for the current study.

The perceived organizational climate is measured with 30 statements pertaining to the following ten dimensions. Interpersonal Relationship, Participative Management, Formalization & Standardization, Training & Development, Monetary benefits, Objectivity & Rationality, Scope for Advancement, Supervision, Concern for Welfare and Safety & Security. These dimensions were adopted from Organizational Climate Questionnaire (OCQ), an instrument which was designed especially to assess and measure employees' perception of psycho-social dimensions of the environment of the industry. Employees were asked to respond to each item based on a five point Likert Scale with the responses of true

to a very great extent, true to a great extent, true to some extent, true to a small extent, true to almost no extent. The statements are presented in a cyclic manner without references to scale or indicator identity. The alpha reliability of overall organizational climate for the present study is found to be 0.9324.

The perceived job satisfaction is measured using standard Job Satisfaction Survey (JSS) questionnaire (Spector, 1985) combined with job satisfaction questionnaires simplified and modified to suit Indian Working conditions as per the requirements of present study. Validation of the same has been done through expert opinion. The questionnaire consists of the following ten dimensions: Benefits, Compensation, Co-workers, Management, Supervision, Communication, Operating Procedure, Recognition, Resources and Training. Each dimension considered consists of three items to be scored on a five point Likert scales as before. The alpha reliability of overall job satisfaction for the present study is found to be 0.9152.

Analysis Unidimensionality and Reliability of in Organizational Climate Factors (OCF)

The variables in OCFs is varying from 5 to 2. It is essential to findout the unidimensionality and validity of variables in each OCF. The comparative fit index (CFI), Cronbach Alpha and Bentler Bonnet co-efficient have been computed for this purpose. The minimum acceptable level of abovesaid instruments are 0.90, 0.70 and 0.90 respectively. (Adhre et al., 1996; Nunnally, 1988; Byrne, 1994). The confirmatory factor analysis has been administered to compute these co-efficients The results are given in Table

Table 1 Unidimensionality and Reliability of variables in Organizational Climate Factors (OCF)

Sl. No.	OCF	Comparative Fit Index (CFI)	Cronbach alpha	Bertler Bonnet co-efficient
1.	Interpersonal relationship	0.9345	0.7909	0.9203
2.	Participative management	0.9411	0.8142	0.9314
3.	Formulization & Standardisation	0.9508	0.7677	0.9408
4.	Training & Development	0.9217	0.7865	0.9119
5.	Monetary benefits	0.9602	0.7902	0.9502
6.	Objectivity & Rationality	0.9514	0.8049	0.9308
7.	Scope for advancement	0.9309	0.8208	0.9117
8.	Supervision	0.9227	0.7676	0.9024
9.	Concern for welfare	0.9119	0.7504	0.9011
10.	Safety and Security	0.9684	0.7449	0.9432

The above table reveals that the CFI of all ten OCFs are greater than its standard minimum of 0.90 which infers the scale of unidimensionality. The cronbach alpha of all

OCFs are greater than its minimum threshold of 0.70 which reveals its internal consistency. The Bentler Bonett co-efficient of all ten OCFs are exceeding its minimum threshold of 0.90 which infers its convergent validity.

Discriminant Validity among the OCFs

The degree of mutual exclusiveness among the OCFs have been computed with the help of mean of average variance extracted and square of correlation co-efficient between the OCFs (Anderson and Gerbing, 1991; Augur et al., 1999). If the mean of AVE of a pair of OCF is greater than it's square of correlation co-efficient, it's discriminant validity will be confirmed. The computed mean of AVEs and square of correlation co-efficient between all possible pair of OCFs are presented in Table 2.

Table 2 Discriminant Validity among the OCFs

Sl. No.	Mean of AVE Square of correlation co-efficient	1	2	3	4	5	6	7	8	9	10
1.	Interpersonal relationship		0.5144	0.5241	0.5296	0.5408	0.5099	0.5696	0.5411	0.5236	0.5117
2.	Participative management	.0.5088		0.5334	0.5117	0.5296	0.5343	0.5509	0.5602	0.5491	0.5596
3.	Formulization & Standardisation	0.4862	0.5179		0.5672	0.5444	0.5672	0.5417	0.5171	0.5508	0.5608
4.	Training & Development	0.4733	0.4911	0.5509		0.5508	0.5189	0.5244	0.5393	0.5117	0.5422
5.	Monetary benefits	0.4811	0.4733	0.4555	0.5424		0.5331	0.5503	0.5269	0.5298	0.5806
6.	Objectivity & Rationality	0.4673	0.4802	0.4667	0.4802	0.5118		0.5417	0.5118	0.5399	0.5541
7.	Scope for advancement	0.4508	0.4549	0.4703	0.4812	0.4922	0.5268		0.5308	0.5334	0.5669
8.	Supervision	0.4791	0.4569	0.4802	0.4667	0.4914	0.4808	0.5178		0.5408	0.5117
9.	Concern for welfare	0.4882	0.4555	0.4996	0.4713	0.4896	0.4911	0.4508	0.5088		0.5242
10.	Safety and Security	0.4911	0.4802	0.4556	0.4862	0.4902	0.4179	0.4556	0.4773	0.5114	

The mean of AVE between the interpersonal relationship and the participative management (0.5144) is greater than its square of correlation co-efficient (0.5088). The mean of concern for welfare and safety and security (0.5142) is greater than its square of correlation co-efficient (0.5114). The same type of results are seen in the case of all possible pair of OCFs. Hence the degree of mutual exclusiveness among the OCFs are confirmed.

Results and Discussion

Impact of OCFs in Job Satisfaction among the Employees

It is imperative to examine the relative contribution of OCFs in the determination of job satisfaction among the employees for some policy implication. The multiple regression analysis has been administered for this purpose. The score on the existence of various / organizational climate factors at banks among the customers are treated as the score of independent variables whereas the score on job satisfaction among the employees is treated as the score of dependent variable. The fitted regression model is:

$$Y = a + b_1x_1 + b_2x_2 + \dots\dots\dots b_{10}x_{10} + e$$

Whereas Y - Score on job satisfaction

x_1, x_2, \dots, x_{10} - Score on OCFs

b_1, b_2, \dots, b_{10} - regression co-efficient of independent variables

a - intercept and

e - error term.

The executed multiple regression analysis results are shown in Table 3.

Table 3 Impact of OCFs on Job Satisfaction among the Staffs

Sl. No.	OCFs	Unstandardized regression co-efficient	Beta	Standard error	't' statistics	'p' value
1.	Interpersonal relationship	0.2145	0.1904	0.0746	2.8753	0.0244
2.	Participative management	0.1886	0.1542	0.0519	3.6339	0.0117
3.	Formulization & Standardisation	0.1908	0.1304	0.1818	1.0495	0.2504
4.	Training & Development	0.2671	0.2399	0.0673	3.9688	0.0079
5.	Monetary benefits	0.2884	0.2641	0.0894	3.2259	0.0108
6.	Objectivity & Rationality	0.1707	0.1084	0.1749	0.9759	0.6809
7.	Scope for advancement	0.1996	0.1713	0.0841	2.3734	0.0418
8.	Supervision	0.1887	0.1642	0.0545	3.4623	0.0117
9.	Concern for welfare	0.2118	0.1903	0.0494	4.2874	0.0014
10.	Safety and Security	0.1804	0.1088	0.1211	1.4897	0.2174
	Constant	0.7118				
	R ²	0.7979				
	F-statistics	9.8273				0.0144

The significantly influencing OCFs on the job satisfaction among the employees are interpersonal relationship, participative management, training and development, monetary

benefits, scope for advancement, supervision and concern for welfare since their respective regression co-efficients are significant at five per cent level which is similar with the findings of Aileni and Prasad, 1995; Pritchard and Karasick, 2003; Shama, 2009). The important OCFs among the significant OCFs are monetary benefits and training and development since its regression co-efficients are 0.2641 and 0.2399 which replicate the findings of Sri Vastava and Pratap 2014; Spector, 2015).

The OCFs namely formulation and standardization, objectivity & reliability and; safety and security are not statistically influencing the job satisfaction among the employees which is contradictory to the findings of Gerry, 2013; Gupta 2006; Pathak et al., (2013). The changes in the organizational climate explain the changes in the job satisfaction among the employees to an extent of 79.79 per cent since it's R^2 is 0.7979. This findings recalls the findings of Dhawan (2011); Freeman (2011); Schneider and Synder (2015) and James and Jones (2014).

Concluding Remarks

The study concludes that the organizational climate factors are significantly influencing the job satisfaction among their employees in the banking industry. The important organizational climate factors to be focused by the policy makers are monetary benefits, scope for advancement, training and development and interpersonal relationship. So the management must take essential step to improve the above factors in the banking industry in order to enrich their employee satisfaction which results in better organizational performance.

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