

## Chapter I

### INTRODUCTION

#### Introduction of the Area of the Study:

Mankind has progressed mainly through two types of innovations, namely (a) Technical and (b) Organisational. The first one concerns the discovery and/or invention of a new method of work/process and the second concerns the manner in which collaborative human effort is developed for more efficient achievement of commonly perceived specific goals. For quite some time, since Weber, Bureaucracy was regarded as an embodiment of the highest form of achievement in the design of a work organisation in that it sought to tap the maximum rationality individuals were capable of exercising in the discharge of their formal duties. The application of scientific management techniques to the measurement of work at various levels in the work organisation, it seemed, contributed significantly to the attempted perfection of the organisational design. The problem in organisation throughout was considered, it may be noted, to be one of structuring relationships, measuring work and evolving "correct" principles and procedures thereof. Scientific Management thought and practice were based on the doctrine of human engineering, made possible by successful application of scientific management technique to operative and office work, the economic

incentive theory of human motivation borrowed from economics, the then prevalent authoritarian style of management and a genuine belief in the supremacy and primacy of the organisation to its constituent individuals.

The Scientific Management approach, though aiming at systematisation of managerial practices, standards and controls, did not overlook the human factor in industry. Unfortunately, it viewed workers solely on an individual basis and scant attention was given to the potential significance of interpersonal relationships and personality dynamics in the determination of employee morale and motivation.

The Classical Hawthorne Experiments, however, highlighted the impact of group dynamics on worker's productivity and their morale and made for the inclusion of socio-psychological forces in the analysis of organisational effort. Managers, as more supportive research conclusions began to pour in, became increasingly sensitive to the interplay of social factors and developed greater appreciation of the human relations skills as one of the important determinants of their men's as well as their group's efficacy.

The focus of attention, since then in management theories, has been on the behavioural aspects of the individual and groups of individuals in industrial organisations.

A serious search, either for corroborating or establishing the theories of motivation is being made to arrive at a more realistic grasp of the interactional impacts of human behaviour on productivity, morale, job satisfaction etc. McGregor's renowned theories X and Y, Herzberg's refined two-factor approach to job satisfaction, Maslow's basic contribution to need-hierarchy, Argyris's experiments and Likert's researches have successfully pushed the management theories into the realm of behavioural sciences for more substantive theories of effective human performance at the individual as well as group level. The development of organisational behaviour as a separate discipline has systematised the incorporation of group and personality dynamics into the analytical and predictive models of human behaviour in organisation. "The study of behaviour of individuals in organisation presented a need and opportunity for environmental analysis."<sup>1</sup>

The recent emphasis, say for the last fifteen to twenty years, has been on understanding the interactions between organisational properties and individual characteristics with a view to arrive at some meaningful grasp of the determinants of human behaviour in organisation. One can infer from a spurt of research findings on organisational

---

<sup>1</sup>Forehand Garlic A. and Gilmer, B. Von Haller, "Environmental Variation in Studies of Organisational Behaviour", Psychological Bulletin, Vol.62, No.6 (December, 1964), pp.361-82.

climate and other factors for the possible mechanisms by which behaviour is influenced that the search into climate is already on.

The legitimate recognition of organisational behaviour as a separate discipline has underlined the need for making fresh researches right into the area of individual organisation relationship in terms of their mutual interdependence, interactions and influence. Management theorists, who were content with the application of general theories of social sciences to the field of organisation, have now set themselves upon the task of researching distinctly into the field of organisation for building a body of theoretical knowledge relevant to it.

Behavioural scientists, of late, have begun to take the entire organisation in view for theorisation. In fact such phrases as organisational personality, organisational reality, organisational culture, organisational health are frequently being used to characterise the entity of organisation. The rationale for the approach of taking the organisation or the characteristics that apply to the whole of the organisation or its distinct constituents as a variable promises many new insights into the complex issue of its impact on individual behaviour.

The relationship of organisational properties to individual behaviour as an intervening variable promises to be a

fertile area of search in organisational behaviour.

Likert's model, for example, assigns central importance to organisational characteristics as they are perceived by the employees.

#### Introduction of the Subject-matter of the Study:

This study is devoted to the search of different senses in which organisational climate could be studied for their application to the specific case of work organisations. While it primarily seeks to conceptualise and operationalise organisational climate for work organisations, it, nevertheless, endeavours to examine the relationship of organisational climate in each sense with the potential efficiency of supervisory employees as rated by the managers on a comprehensive format including important items of potential efficiency.

The thrust of the study is on climate assignment to the distinct and independent constituent departments of a large public undertaking and the procedures evolved for the purpose. It is observed that, using procedures of comparison and abstraction, it is not possible to assign a specific climate to the organisation as a whole for the reason that in these procedures of generalisation, many of the specific climate elements which are crucial or distinct have to be ignored away and the final resultant climate turns out to be a weak representation of reality. The studies are being made else-

where and in India, ascertaining the climates of total organisations using one climate measure. There is merit in assigning the climate to the whole organisation. But, the object of this study was to apply multiple climate measures and conduct an intensive search for the factors and forces which lead to climate formation and relate it with a specific variable. Naturally, the search necessitated a design which would obtain a representative sample of the departments and the respondents and an inquiry into the forces that operate at the departmental level. Thus, the thrust of the study has been the process of climate-generation at the crucial levels and in the major departments rather than the climate characterisation of an entire organisation. It is true, that organisational climate in its totality could also be an important area of research. This study, however, has not included this aspect. A study of the type conducted for this work was conducted by H. Russell Johnson.<sup>2</sup>

The design of the study provides for the inclusion of the consideration of impacts of other variables between the relationship of Employee Efficiency Potential (EEP) and Organisational Climate (OC) and illustrates a point that the relationship between EEP and OC is not direct.

---

<sup>2</sup>H. Russell Johnson, "A New Conceptualisation of Organisational Climate", Administrative Science Quarterly, Vol.12, March 1976.

The study is designed to ascertain the climate as perceived by the participants and not as seen by observers. Hence, its subject-matter could be said to be perceptions of the participants on different aspects and issues of the organisation. Mostly, the perceptions are psychological and the issues are interactions based on work-related matters.

Rationale of Relationship Between Organisational Climate and Employee Efficiency Potential:

As the title of the study indicates, relationship between EEP and OC constitutes its core.

Attempts were being made in the past to examine the impact of such specific factors as financial incentive, supervisory style, participative schemes etc. on the performance of employees. It is only now that the inquiry has been elevated from micro-specific sets of relationships to a macro-global level and a study of the impact of gestaltian perception of the whole entity of organisation on motivation of employees is undertaken. Since Likert's researches, the importance of organisational climate as a variable intervening between causal variables such as management policies and practices, size and type of organisation structure and other management measures and the end variables such as profitability, productivity efficacy of organisation, morale and job satisfaction has been duly

accepted as a valid theoretical proposition. The utility of the concept of organisational climate lies in the fact that it highlights the complex and indirect relationship between the causal and end variables and provides an opportunity to study the impact of the interplay of human factors in the working of an organisation. Moreover, it also provides for the study of such crucial and widely held belief that individuals assign different cognitive and affective meanings to the motivational cues and character of a given organisational environment and to develop a perceptual frame of reference about the socio-psychological forces contained in an organisational environment.

Deviating from Likert's model, an interesting variable of efficiency potential of the employee could be substituted as an end variable for actual efficiency and an attempt be made to study how organisational climate relates with it.

Before going into the possible patterns of relationship between OC and EEP, it is imperative to answer the fundamental question as to why there could be any relationship between the two.

Average employee performance in an organisation is determined by the minimal contractual and job maintenance needs enforced by the management. Performance of employee beyond this minimal formal requirements is not responsive



to merely formal instructions but rather to the psychological forces that operate upon him. Motivational forces exist within an individual as well as in the environmental conditions. The inner motivational forces also need external motivational stimuli to be operative. The quality of employee effort would largely depend upon how favourably he views the world of external motivational stimuli. Given the basic drives and personality structure, an individual unfolds and develops his efficiency potential to the extent he perceives the organisational environment to be suitable for and supportive of his gestures. Organisational climate in the narrow and short-term sense sets the stage for the unfolding or repression of the potential efficiency of the employee and in the wider and long-term sense promotes or stifles his effort to build up his efficiency potential in the light of his socio-psychological entrenchment in his work group and the organisational functioning.

The relationship between the efficiency potential of an employee and his perception of the organisational climate is predicated on a premise that an employee consciously or subconsciously settles his relationship with and role in the organisation on the basis of how he perceives the character of the organisation from the point of view of his growth and involvement in the organisation.

The study of relationship between EEP and organisational climate achieves its releavance and merit from a basic tenet of behaviourism that the actual behaviour results in response to and in the context of external stimuli. This tenet is at the very basis of management, as an institution. To repeat, in a simple way, unless and until, it is accepted that human behaviour is, to a large extent, caused by external stimuli, the principle that one can manage others has no ground to stand upon.

Thus, if we take the principle of behaviourism as the foundation of the science of management, the search for the nature of relationship between EEP and OC seems to be a theoretically valid and relevant inquiry. Organisational climate represents the externality symbolised in the managerial efforts and EEP represents the internality of efficiency available to the externality of management for utilisation and growth for organisational purposes.

An employee who is positively disposed towards the entity of organisation is likely to invest better efforts in his work and vice-versa. Whether he will arrive at a positive or negative disposition would depend upon how he has basically perceived the organisational climate as created by the management through its style of functioning rather than on his fragmented and incoherent experiences of the management. Ultimately the efficiency

potential of the employee taken in the sense of his basic capabilities plus his organisational entrenchment in the complex interdependencies and instrumentalities would become operative from the manner in which he perceives the OC to be appropriate or otherwise for its actualisation. Employee climate perception being deeper and durable may go a long way in determining how much and how well an employee develops his potential.

Conceptually, what is relevant is not the accuracy of the actual judgement of EEP but a possible gap between the actual and potential efficiency and its variability associated with some specific set of factors which exists outside the employee, obviously in the environment in which he works.

Another conceptually relevant issue is to obtain a classification of the perceptual sets of organisation and its functioning in terms of a constant frame of reference arising from the same.

#### Conceptual Issues in the Study of Organisational Climate:

Organisational researchers, at the outset, were confronted with the task of finding a term for the conceptually integrated synthesis of organisational characteristics. The term OC has been used by several of them although the term means different things to different writers.

A clarification of the meaning of concept is, thus, very much in order before any attempt is made to design a research study of OC in any context.

Organisational climate being a global concept, provides opportunity of studying multiple aspects of organisational behaviour. The concept of psychological climate in the work setting has been a popular topic for organisational researchers.<sup>3</sup>

But an important limitation of using the Global concept of OC is that researchers remain merely at the level of abstraction and miss to explain the specific characteristics and conditions of work situation which lead to perception of the work climate. Any abstraction is fraught with this danger, more so OC because OC, in a way exists, only in impressionistic perceptions evolved over a time through process of perceptions after perceptions being heaped up, leading to a broad emergent generalised feeling about the thing perceived. Long-drawn cumulative experiences of organisation lead to the creation of a specific image of the organisational condition which, though not having any overt and mappable frame of reference, does prove significant in terms of its impact on human actions and decisions.

---

<sup>3</sup>Schneider Benjamin and Hall, D.T., "Toward Specifying the Concept of Work Climate", Journal of Applied Psychology, Vol. 56, No.6 (December, 1971).

Thus, the lesson to be learnt from these remarks and observations was that an attempt ought to be made to obtain a bearing of the study on real work situation.

Moreover, the study of OC in itself would prove to be merely pedagogic if no attempt were made to relate it with any of the central themes and concerns of work organisation namely, productivity and efficacy or their more specific ramifications. For example, Schneider and Bartlett's (1968) research on Insurance Organisational climate and Hall and Lawler's work on research laboratories used climate as a predictor and failed to consider factors leading to climate as an outcome.<sup>4</sup>

The remark pointed by brings out the need to go deep into the factors or forces that build the climate rather than be content with its measure and a relationship with some variable.

The case of work organisation provides ample opportunity to do the exercise of searching out the factors and forces leading to climate-building, their measurement and consequent relationship with a selected end variable.

Benjamin Schneider and Douglass T. Hall have pointed the direction in which organisation climate research in work organisation could be conducted, thus

---

<sup>4</sup>Ibid.

"It is argued that organisational climate exists in the perceptions by individuals of their organisational properties. In forming climate perceptions, the individual acts as an information processor using inputs from (a) the objective events in and characteristics of the organisation (b) global perceptions of the organisations and reactions and other daily experiences the person has with the organisation. .... climate, then reflects the interactions of personal and organisational characteristics."

Further they state,

"Climate is an outcome only in the sense that it is a global summary of perceptions rather than the perception of a discrete event."<sup>5</sup>

The basic resolutions that were to be made to carry out this study were:-

- (a) the specific senses in which OC could be taken;
- (b) the factors and forces which are the sources of the perceptions of OC;
- (c) the variables with which it may be related;
- (d) the choice of methods of measurement of OC for the study.

Accordingly,

- (a) It was decided to select four relevant senses in which OC could be taken in the case of work organisation.
- (b) The levels and areas of interactions at which OC could shape out namely the managers and supervisors in the areas of work-based interaction were selected.

---

<sup>5</sup>Ibid.

- (c) The end variable of efficiency potential was selected with a view to answer the need of practicality of research in work organisation. Through efficiency potential the opportunity of examining the motivational impact of organisational climate conditions on employees of supervisory cadre could be obtained.
- (d) Those tests were selected which could reach upto the sources of perceptions of OC, accomodate the influence of factors and forces leading to OC and an opportunity to attempt some kind of measurement of OC.

Attempted Contribution:

The study of organisational climate, besides being novel, offers a possibility of searching right into organisations for new behavioural insights rather than extend the exercise of applying known and new psychological and sociological theories developed in the respective fields to the work organisation as one of the cases.

Moreover, the study of organisational climate could be meaningful inasmuch as it sheds a light on the effectiveness of employee and the organisation itself. The OC, as an area of study, has attracted the attention of many researches abroad as a possible source of understanding employee motivation. It is, thus, regarded as a fruitful area of research endeavouring to plug a gap in the existing stock of knowledge in organisation theories.

This study seeks to identify the relevant senses in which the socio-psychological conditions existing in work

organisation could be grasped. It also seeks to attempt to measure the perceptions of employees about these conditions and relate it with the efficiency potential, the total of capabilities with which employee is equipped; not in the sense of natural endowment, but actual in-built, experience-based, preparedness for arousal to higher levels of performance.

The practical importance of the study of OC emanates from variations in the quantity and quality of performances of individual who leave one organisation to join another in the country or abroad where organisational climate conditions are different and more conducive to work.

Efficiency potential needs certain conditions to actualise and certain other conditions stifle its actualisation. One of the motivational forces that may operate upon an individual could be organisational image that evolves in his mind over a period from the accumulated experience.

#### Limitations of the Study:

The study does not seek to establish a causal relationship between OC and EEP. Nor does it claim to be an exhaustive treatise on the methods of measuring and grasping the reality of organisational climate. It signifies, at best, an attempt at rendering the OC, more handy and comprehensible as an analytical device just the



same as it seeks to render efficiency potential relatively measurable (not necessarily perfectly) for the purposes of understanding work motivation of the supervisory cadre of employees. The tool used for measuring the EEP could be further perfected by using advanced statistical techniques and scales.

Needless to say, the final outcome of the work is a pointer and not a conclusive evidence for theorisation.

In short, the attempts at measurement of the entitres as OC and EEP regarded as purely qualitative and at relating them in the sense of significant association, at best, could be regarded as a systematic endeavour to probe into new variables that could throw some light on employee motivation.

In fine, the important limitation of the study could be that it is not conducted in different types of organisations. Obviously, such a stupendous effort requires more funds, time, institutional support and what is more important, personnel.

#### The Organisational Setting for the Study:

The organisational in which the study is conducted is a State Government sponsored project and the Company was incorporated in February, 1962. The Government participation in Equity Share Capital of the Company is limited upto

49 per cent. Thus, this project is a joint sector project, and only for the limited purpose of audit it is a public sector project. The State Government has a right to nominate 1/3 of the Directors on its Board of which one will be Chairman and one will be Managing Director.

The Company's Phase-I programme was executed in a record time and after signing the contract in 1965, the commissioning took place in the year 1967. Before commissioning of Phase-I plant, Company had entered into expansion programme and the same was also completed in 1969. The Phase-I project was completed with an investment of Rs.40/- crores and the expansion programme was of the order of Rs.22/- crores.

Having established manufacturing plants, the company thought of diversification and undertook various projects. With this diversification, Company entered in to the field of petrochemicals, fibre, plastic and industrial gases.

Right from the initial stage Company has established its own training centre and in this training centre almost all the operators and good number of engineers were trained. Besides training company's own personnel, it also trained people from other companies as well as companies located in Czechoslovakia and other parts of the world.

The Company has also established application Development Centre to render technical services and provide

orientation to consumers of its industrial products not only for their existing products line but also for developing new applications.

The Company jointly with Government of Gujarat promoted another giant project in the State elsewhere in which State Government and company's jointly hold 51 per cent of equity.

The Company has recently taken over another corporation, a sick unit and this company has been amalgamated with the company.

At present the number of employees working in the company is about 3,700.

The company is a good paymaster and is wellknown for its liberal welfare measures and perks. On Industrial Relations front, it's record is praiseworthy, though it has started experiencing the impact of unionisation on its functioning.

The company has almost a monopoly in the market and has a strong marketing unit. Its products are used all over the country.

It is a continuous manufacturing unit, with employees of fairly high academic qualifications even at the operative and supervisory level.

On the whole, the company enjoys a comfortable market position, a strong government back-up, and has proved to be quite progressive in its personnel policies.

### Sample for the Study

#### Nature of Sample:

Since the data to be collected for the study were of an abstract nature demanding motivation to respond and since they were to be collected from employees who met with specific criteria, it was decided to go in for a stratified selective sample for both the groups of respondents namely managers and supervisors.

#### Guidelines for the Selection of Respondents:

After having selected the organisation for the study, the next problem was to decide upon the levels from which respondents were to be contacted for data collection. Certain considerations heavily weighed with the investigator in this regard.

Firstly, it was necessary to select only such levels of the organisation at which OC became visible and operational. Leaving out the operative level, the first level at which OC had the scope of becoming maximally operational was the supervisory level. The impact of OC, whichever way it is taken, ultimately has its significant impact at the supervisory level through which action is generated for the whole organisation. It was also felt necessary to study climate with respect to non-operative staff for the reason that the operative staff is only at the receiving end of the impact of organisational climate as it is generated by

superiors and further that it could prove more useful to study OC at levels which are two-ended. This is not to say that operative staff does not contribute to the creation of OC. Far from it, the operative staff, these days creates the most important climate namely the industrial relations climate which though very much important fell beyond the scope of the study that precisely sought to study climate arising from interactions at the work place based on work and work-related matters and not the items of conflict of interests between the management and the workers.

Since the criterion set up required responses from employees who received, transmitted and created OC, the operative staff and the Top Management were taken as falling outside the purview of the study.

Strictly speaking, we were interested in studying the OC at levels at which there was a scope of climate generation in the operational sense and the OC could have a psychological impact in activities.

Supervisory and managerial levels easily qualified to go into the requisite sample since these groups have (a) maximum scope for patterned interactions and (b) their interactions have a bearing on the main stream of activities of the organisation.

Specific Criteria for the Selection of  
the Respondents

The next step was to set up specific criteria to select the individual respondents from both the universes of respondents, supervisors and managers.

The two criteria used for selecting the respondents were:

- (a) Minimum seven years service;
- (b) A position at which decisions were taken and routine interactions obtained.

Moreover another limiting criterion that really reduced effective number of respondents at both the levels but which was absolutely necessary for the study, was that only such managers and supervisors could be approached who had a background of at least three to four years of interactions.

This criterion accounted for narrowing down the choice but constituted the core conditions on which compromise was not possible. Selecting respondents who had no past of interactions was clearly out of question.

Procedure for Selection of Respondents

In the light of above criteria, it was necessary to refer to the personnel records of the supervisors and the managers, and select them with the assistance, active but

not conclusive of the senior officers of the personnel department.

### Size of the Sample

The following table displays the necessary information about the size of the sample.

| Total<br>No. of<br>Managers<br>in the<br>organi-<br>sation | No. of<br>Managers<br>selected | % of<br>Numbers<br>Managers<br>selected | Total No.<br>of Super-<br>visors in<br>the<br>organisa-<br>tion | No. of<br>Super-<br>visors<br>selected | % of<br>Numbers<br>Super-<br>visors<br>selected |
|--|--------------------------------|---|---|--|---|
| 103  | 30                             | 30%                                     | 455   | 125                                    | 27%   |

Note: Supervisors selected belonged to cadres IIA, IIB, IIC. Supervisors belonged to cadre IID were not selected due to nature of their work and their status.

Thus managerial respondents selected and responded constitute 30 per cent approximately of the managerial population whereas supervisory respondents selected constitute 30% per cent of the supervisory population, but those who responded constitute 20 per cent.

One may observe that the samples are fairly representative.

Criteria for the Selection of Departments

It was decided to select departments with an eye to two considerations:

- (a) that the departments taken together must constitute a representative sample of the organisation in that it contains the respondents from the main stream of the organisation activities; and
- (b) that it must also represent the non-line activities proportionately.

Accordingly, the Department A comprising of three manufacturing sub-units was selected. In fact, Department A is the backbone of the organisation, representing the main stream of the activity. Materials and marketing units (clubbed together for convenience) were included to provide representation to materials based activities, one (materials) input-based, second one (marketing) output-disposal. The inclusion of development and research was made with a view to obtain representation of a creative function whereas the selection of engineering services and designs was based on a consideration of the importance of service-rendering units.

These five major departments represented the managerial and supervisory population of the organisation. Sufficient care was taken to see that the departments selected had enough number of supervisory respondents.



The following table depicts the nature of activities performed in the selected departments.

| Department                          | Code | Nature of activities   | Nature of Job   |
|-------------------------------------|------|--|---|
| Manufacturing Department            | A    | Routine manufacturing in an automatic plant                    | Jobs are well programmed but in emergency calls for personal actions based on one's judgement   |
| Development and Research Department | B    | Creative work of research and development.                     | Highly specialised jobs contributing to the main goal.  |
| Engineering Department              | C    | Servicing other departments.                                   | Highly routine, occasionally troubleshooting activities, but jobs are well programmed, urgent compliance with instructions receiving its work flow from others. |
| Design Department                   | D    | Creative at the top of hierarchy, very routine at lower level. | Jobs are on assignment basis.   |
| Marketing and Materials Department. | E    | Routine, occasionally creative.                                | Routine jobs on assignment basis.   |

### Chapterisation Scheme

The study has been divided into five chapters in all. The scheme of chapterisation is as follows:

Chapter one entitled as 'Introductory' contains the discussion of the importance of the subject-matter of the study, in theory and practice, general statement of the problem, the description of the organisation in which study is undertaken.

Chapter two entitled 'Theoretical Issues in Organisational Behaviour' contains the review of literature and some of the available research results on the subject-matter.

Chapter three entitled 'Methodological Issues' offers discussions of the methodological issues, statement of the problem, hypotheses, description of tools for data collection, method of data analysis and scheme of presentation of data in tabular form.

Chapter four entitled 'Results' contains discussion and presentation of results.

Chapter five entitled 'Finale' offers integrated view of results, summary and concluding remarks.

. . . . .