

Organisational Climate And Its Effects On Employee Performance

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Abstract: *Organisational climate is word commonly used in managing organisations of 21st century. Management and human resource practitioners consents that good organization climate is very critical in this era of globalization. Organisational climate should be nurtured and enhanced in organisation so that employees are in position to be innovative and creative. Organisations need to grow, survive, compete, develop and make profits. Therefore, organisational climate is the best option to motivate employees to work towards achieving organisation objectives. The main purpose of the review is to identify the importance of organizational climate in an organisation and its effects on employee performance. Employees should be motivated at whatever costs to minimize their intentions to quit from organisations. The major finding of the review is that organisational climate is not practiced in many organisations. Thus, good organisation climate, enhances employee's loyalty, promotes positive image of the organisation and enhances employee retention. The policy makers and other stakeholders will benefit from this study in the sense that it will be an eye opener to managers, human resource practitioners and other stakeholders to understand and appreciate the importance of organization climate in organisations in this era of globalization.*

Keywords: *Employees, globalization, intentions, management, motivation, organization climate, performance, retention, quit,*

I. INTRODUCTION

Organisation climate is very critical in this era of globalization where businesses are operating in a dynamic business environment which compels managers to look for better ways of managing organisations effectively. Organisation climate is defined as employees shared perceptions of their work environment and is composed of sub scales, Role Conflict(RC),Personal Accomplishment (PA), Emotional Exhaustion (EE) and Work load (WL) (Shim,2014). Organizational climate is also defined as the meanings people attach to interrelated bundles of experiences they have at work (Schneider, Ehrhart. Macey, 2013) Schneider *et al.*, (2013) posits that organizational climate is the shared perceptions of and the meaning attached to the policies, practices, and procedures employees experience and the behaviours they observe getting rewarded and that are supported and expected. Thus where there is good organisational climate, employees are in a position to be

creative to come up with new products and launch them to the market.

Furthermore, in many organisations managers are looking for better ways of ensuring that their organisations grow, survive and develop in this era of competition. Plethora of studies (Kumar, 2014; Boateng, Kanyandaene and Sassah, 2014; Srivastas, 2006; Smith and Hemingway, 1999) argued that organisational climate is the best interventions in promoting innovation and creativity in organisation. Organisation climate enables employees to work hard towards achieving organisation objectives. Therefore, the main purpose of this review is to assess how organisation climate affects employee performance.

II. LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

There is no universally accepted of definition of organisation climate. However, Organisation climate (OC) is

defined as the feeling conveyed in a group by physical layout and the way in which members of the organisation interact with each other, customer or with outsiders (Boateng *et al.*, 2014; Schneider *et al.*, 2013) Organisational climate is also defined as the member's perceptions of their work environment (Notsami, 2013; Srivastav, 2006; Hullway, 2012; Bitsani, 2013; Moore, Mckin and Bruce, 2013; Zhang and Liu, 2014; Neal, Griffin and Hart, 2000). Furthermore, the organisation climate is also defined as a set of characteristics that are a) distinguish the organisation from other organization) are relatively enduring over time and b) influence the behaviour of the people in the organisation. Finally organisation climate is defined as attitudes, values, behavioural norms and expectations shared by members of the organisation (Balker, 2015).

The main characteristics of organisational climate are; perceived as shared values among organisation members which result to consensus members, consists of global impression, of that organisation members form through interacting with each other and organisational policies, structures and processes, it refer to the feeling of the organisation, the construct is multi-dimensional, climate that can influence on individual behaviour. Shim (2014) posits that organisational climate has the following characteristics role conflict, role overload, emotional exhaustion, personal accomplishment, personalisation, growth and development, role clarity and cooperation.

III. THEORIES OF ORGANISATION CLIMATE

There are many theories which underpin the studies of organisation climate. In this review the theories taken into consideration are social Identity Theory and organisation development theory. These theories are very critical in understanding the core elements of organizational climate. Specifically, the organisation development theory is based on organisational climate, organisation culture and organisation strategies. This theory specifically defines organisation climate as the mood or unique personality of an organisation. In addition, the theory argues that attitudes and beliefs about organisation practices creates organisation. This theory sheds light on the characteristics of organisation climate such as leadership, openness of communication, participation management, role clarity and conflict resolutions, leader support and control.

The social identity theory further explains the person's concept of self-conscious from the group to which the person belongs. Also the theory tries to explain that an individual belongs to a group which determines his performance. Thus the person might act differently in varying social contexts according to the group he belongs to (Tuner and Tajfel, 1986).

IMPORTANCE OF ORGANISATIONAL CLIMATE

Good organisational climate enhances employees' motivation, good personnel policies, favourable work environment, and provision of employee's benefits, job satisfaction and compensation (Kumar, 2014). In addition, organisation profitability will increase in good organisational

climate and this makes the sustainability of the organisation solid. On the other hand organisational climate will also lead to negative effects if not nurtured properly in organisation. Some of these negative effects are high labour turnover, absenteeism and frequent occurrence of accidents in the work environment (Kumar, 2014). Poor Organisational climate contributes greatly to the development of job related stress which leads to health problems of absenteeism and turnover on the work (Smith and Hemingway, 1999). Furthermore, work pressure, lack of autonomy, peer cohesion and supervisor support has been considered by the employees as stressors in their working environment. These factors need to be monitored properly in the organisation and if not they will lead to employees' turnover and these will have negative effect on organization performance. Good organisation climate will lead to employee innovativeness and low employee turnover (Balker, 2015; Shim, 2014). Employees are more creative and innovativeness in good working environment. Good leadership in organisation also critical in giving proper direction and motivating employees so that they work as a team. Good organisation climate encourages employees to come up with new ideas in their organisation such as new products development and to increase the profit margins of the organisation.

Good organisation climate leads to high employee commitment, job satisfaction, lower absenteeism, organisational citizenship; change of employee's behaviour and reduced employees turnover intentions to quit from organisations (Boateng *et al.*, 2014; Shim 2014). Thus, the retention of the human resource is important because this would make the organisation to grow, survive and compete with others in the business environment.

The negative effect of organisation climate in organisation includes high labour turnover, high absenteeism, low productivity, no creativity invention and innovation, no unity, employees will not be loyal to the organisation, employees will not be committed, more increase in job related stress and high costs of recruitment and selection to a mention a few. These would have a negative effect on profitability of the organisation and chances of survival, growth and increase of market share will be limited or not achieved at all. The management need to continue to promote and embrace good organisation climate for the sustainability of the organisation.

IV. CONCEPTUAL FRAMEWORK

The conceptual framework consists of independent, intervening and dependent variable as indicated in figure 1. The independent variable is importance of organisational climate is practiced and these include employee commitment, innovation and creativity, enhances employee retention, loyalty, and unity, and gives direction and job satisfaction. The dependent variable is employee performance in terms of low employee turnover, increase of profits, low accidents in the work place, good employee relations, and positive corporate image and enhances employee commitment and many others, intervening variables are management philosophy, who contributes highly in nurturing organisation specifically in promoting teamwork, giving direction and

improving the working conditions and Labour laws and the Kenya Constitution,

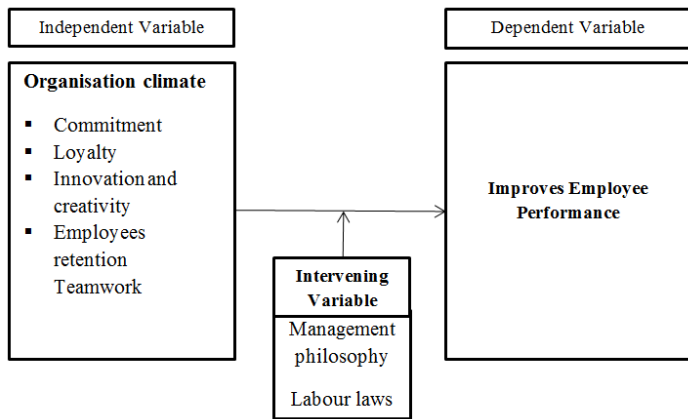


Figure 1: Conceptual Framework

V. CONCLUSION AND RECOMMENDATIONS

The major conclusion is that organisation climate not fully practiced in organisation. However, organisation climate leads to positive and negative effect. The positive aspect of organisational climate includes employee retention; this would have a long run effect on organisation profitability. In addition, organisation climate reduces job related stressors in organisation. The negative effects of organisation climate includes high labour absenteeism, turnover and job related stressors. These stressors must be monitored and controlled by management at all costs because it has adverse effects on organisation profitability and corporate image.

The implication of the review is that it will assist management to come up with various strategies to promote good organisation climate in spheres of its operations. Good organisational climate is necessary for the purpose of reducing job stressors. In addition, other stakeholders' benefits from this review in the sense that it will inspire them to come up with appropriate interventions to enhance organisational climate.

VI. RECOMMENDATIONS

The following recommendations have been informed by the main purpose of the review and they are suggested to promote good organisational climate in organisations.

- ✓ All managers must have a clear vision and mission of the organisation. This gives employees and management a proper direction of the organisation.
- ✓ Compensation of employees must be done on the basis of the principle of equity. This would motivate employees to work hard towards achieving the organisation goals and it creates organisation citizenship.
- ✓ Managing change in organisation in this era of globalisation is very critical specifically in promoting good organisation climate. Management should initiate and implement change in organisation. It's through change management organisation comes up with new

products development for the purpose of sustainability of the organisation.

- ✓ Employee empowerment must be taken seriously by management. Empowerment creates a sense of belongingness in organisations. Furthermore, employee empowerment encourages cooperation and cohesiveness in organizations.
- ✓ Employees should be involved in decision making process of the organisations. This should be encouraged at all levels of management because it creates a sense of ownership on whatever takes place in organisation.
- ✓ Management should encourage open door policy and embrace dialogue when and where necessary.
- ✓ Entrepreneurial spirit should be encouraged and nurtured in organisation. Thus, innovativeness and creativity takes place in organisation where organisation climate is good. Therefore, management must allow employees to initiate and implement their ideas. This should be done purposely for sustainability and growth of organisations.
- ✓ Managements must encourage ethical behaviours in organisation. This will strongly communicate clearly to the employees on what is expected from them. Anyone who deviates from the ethical standards of the organisation, management should take a corrective action.
- ✓ Resources availability is critical in embracing and nurturing good organisation climate. Employees must be provided with necessary resources to enable them to discharge their duties promptly and properly.
- ✓ Conflict resolutions mechanisms should be encouraged in organisation by management. This creates a good atmosphere for employees to discharge their duties without any fear.
- ✓ Discipline of employees in organisation is one way of promoting good organisation climate. Employee discipline is very critical in achieving organisation goals. Punishment must be judiciously applied to all employees at all levels of Management.
- ✓ The direction for further study in organisation is that there is need for researchers to investigate on the impact of organisation climate on profitability of the organisation. Furthermore, one needs to investigate how organisation climate could be used as one of the strategies to minimize employee's intention to quit from organisations.

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