

# Factors Influencing Organizational Climate in It and Ites

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## Abstract

This paper aims to analyze the factors influencing organizational climate in IT and ITES sector. The study is conducted based on the primary data collected through questionnaire. Factor analysis is used to identify the factors influencing organizational climate. The study results show that there are five predominant factors influenced on organizational climate such as innovation, work freedom, standards, rewards and clarity.

**Keywords:** Organizational Climate, IT and ITES, Employee Commitment.

## Introduction

In today's dynamic and changing business conditions, the employees are key factor for organizations' development and to achieve sustainable competitive advantage (*Barney, 1991*). Organizations attempt to attract qualified employees, take advantage of them at the extreme level and keep employing them in working conditions in which the employees have a critical role. Thus, creating a vigorous and positive organizational climate focus on the welfare of employees, which thought is to be important. Because, a conducive working environment motivate the employees which is positively influence on the work performance. So, the employees may undertake additional roles in organizational processes and also act in an innovative and creative way (*Robbins, 2005*). It is possible that employees can perceive organizational climate with a positive perception and consider it to be matching with their personal objectives and so, they can demonstrate positive attitudes towards colleagues and the organization. Though, a negatively perceived organizational climate which do not support its employees is expected to promote adverse behaviour of the employees (*Scott-Findlay et al, 2006*).

Perception of employees towards working environment or climate is highly important for both individuals and organization. Climate in the workplace has impact on employees' motivation, behaviour, and potential, which is ultimately influenced in the organizational productivity (*Denison & Mishra, 1995*). Employees are engaged when organizations have good work culture and communication practices, where they can get platform to express their views and chances to grow and enhance their potentials. The level of engagement in employees can be enhanced by identifying its influential factors and work on them. With this background, the present study has been examined the factors influencing organizational climate in the IT and ITES.

## STATEMENT OF THE PROBLEM

The society has passed by big changes and these occur at the job market too. The competitiveness, flexibility, leadership and ways of new organizations have changed day-by-day in the job market. These

are accelerated rhythm in growing each day and influenced in the number of jobs, subsequently increases number of hours worked. Through this concern emerged with the interests of companies to study how satisfy the employees’ needs, doing that he reaches his general welfare (Conte, 2003). The employees of IT and ITES industry are stressed due to the rapid changes, demanding of the IT and ITES professional a bigger attention and dedication in the job that has been realized. Because the big requirements in this area, it is difficult to develop a good organizational climate inside the company. Therefore, the employer must find strategies to create a satisfactory organizational climate to attain the organizational goals (Shigunov, 2003).

**Objective of the Study**

The present research is carried out with the objective to identify factors influencing organizational climate in the IT and ITES.

**Research Methodology**

The study followed descriptive research method. Both primary and secondary sources of data have been used. A questionnaire is used to collect the required data from the employees of IT and ITES in Bangalore. The secondary data have been collected from reports, books, journals, magazines and websites. The study covers 150 employees of IT and ITES in Bangalore. The factor analysis is used to identify the factors influencing organizational climate.

**Data Analysis and Interpretation**

In this section, factors influencing organizational climate has been analyzed by using Factor analysis. The results of factor analysis are presented below.

**Table 1: Factors Influencing Organizational Climate**

Variables	Factor Loadings	Mean	Eigen Value	V.E (%)
<b>Innovation</b>				
Opportunities to learn from peers	0.867	3.922	4.351	21.458
Encouragement to do new or better ways of doing things	0.884	3.882		
Employees can take reasonable risks in their job	0.863	3.892		
Opportunity to learn new skills and develop new talents	0.840	3.832		
<b>Work Freedom</b>				
I have adequate resources to do my job effectively	0.737	3.622	2.647	10.487
I am receiving required information to do my job	0.599	3.882		
I have enough freedom to do my job effectively	0.748	3.142		
<b>Standards</b>				
Comparatively my organization performs better	0.693	3.482	1.740	9.204
The organization responds properly to changes in the business environment	0.585	3.582		
The organization focused on customers	0.614	2.762		
My company effectively implementing decisions that I have	0.855	3.932		

Variables	Factor Loadings	Mean	Eigen Value	V.E (%)
been made				
<b>Rewards</b>				
Provide fairly for the work I do	0.744	3.852	1.621	8.278
I receive recognition when I do a good job	0.724	3.722		
I have scope for career advancement	0.668	3.932		
<b>Clarity</b>				
I am able to understand my organization’s business strategy and goals	0.821	3.942	1.412	7.610
My department objectives are clear	0.863	3.372		
My job performance is judged properly	0.563	3.932		
My company runs on a day-to-day basis with its business direction and goals	0.905	3.952		
KMO = 0.824; Bartlett's Test = 1052.682, Sig. .000; Cumulative Percentage Variance = 57.037.				

The above table reveals that KMO value is 0.824 which is greater than 0.5 (Malhotra, 2006). So, it is inferred that application of factor analysis is highly appropriate for the variables of organizational climate. The Bartlett’s  $\chi^2$  value is 1052.682 which is significant ( $p < 0.05$ ) at 5% level. It is observed that high level of inter-relationship is found among the scale variables. So, these variables are adequate for the PCA (Field, 2009).

The factor analysis by PCA with Varimax rotation has identified five Eigen values such as 4.351, 2.647, 1.740, 1.621, and 1.412. These Eigen values greater than 1. It indicates that there are five major factors extracted with 57.037% of variation. It depicts that there are five factors influenced in the organizational climate.

The first set of variable loading have four variables with 21.458% of variance. They are: Opportunities to learn from peers, Encouragement to do new or better ways of doing things, Employees can take reasonable risks in their job, and Opportunity to learn new skills and develop new talents. This component is suitably named as **‘Innovation’**. It is observed that the employees of IT and IETEs are having freedom to do innovative job in their organization.

The second component consists of three variables with 10.487% of variance. They are: I have adequate resources to do my job effectively, I am receiving required information to do my job and I have enough freedom to do my job effectively. These variables are aptly named as **‘Work Freedom’**. It is inferred that providing adequate resources and freedom have motivated the employees to do job effectively.

The third set of variable loading have four variables with 9.204% of variance. They are: Comparatively my organization performs better, organization responds properly to changes in the business environment, organization focused on customers, and company effectively implementing decisions that I have been made. This component is appropriately named as **‘Standards’**. It is observed that IT and ITES are performed according to changing environmental climate.

The fourth component consists of three variables with 8.278% of variance. They are: provide fairly for the work I do, I receive recognition when I do a good job, and I have scope for career advancement. These variables are rightly named as **‘Rewards’**. It is inferred that the IT and ITES are provided adequate compensation and also provide opportunities for career development.

The fifth component consists of four variables with 8.586% of variance. They are: I am able to understand my organization's business strategy and goals, my department objectives are clear, my job performance is judged properly and my company runs on a day-to-day basis with its business direction and goals. These variables are aptly named as '*Clarity*'. It is inferred that IT and ITES clearly portrays the business strategies and goals to its employees and properly measured the performance of the employees.

### Conclusion

A good organizational climate is a key factor which stimulates the innovativeness of the employees. If organizational climate is stressful, it obstructs innovation and productivity of the employees. Good and positive organizational climate rises the performance level of employees. Organizational climate represents how the employees feel about their work environment. Employees are the most important resources of an organization. For the progress of an organization it is necessary to make them feel comfortable. One of the major problems faced by IT and ITES are low employee morale due to employment risk and work pressures. It has been noticed that IT and ITES with good organizational climate attains a higher employee morale. Organizational climate is highly influence in the performance of the employees because it has a major impact on motivation and job satisfaction of individual employees. So, the IT and ITES companies should provide conducive working ambitions for creating win-win situation for both employees and organization.

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