Influence of Organizational Climate on Job Satisfaction: A case study

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Abstract

In this competitive era it is difficult to retain star performer, so it is very imp for any organization to give a healthy organization climate. So that the employees can require competencies and can execute their roles effectively lending to greater job satisfaction. The paper aims to study the relationship between measures of organization climate and job satisfaction. More satisfied employees perform better and can act as a source of competitive advantage. The study uses primary data collected with the help of well structured questionnaire. Based on a case study of state bank of India from the employee's perspective, an attempt has been made to analyse and determine relationship and impact of HRD climate on job satisfaction. The findings indicate that HRD Climate has a definite impact on job satisfaction that leads to the increased performance. And thus healthy climate and higher job satisfaction leads to more committed and competent employees.

Keywords: Organization Climate, Job Satisfaction, Competitive Advantage, Organizational Performance, Competitive Era, Star Performer.

INTRODUCTION

In the era of intense competition and globalization, 'study adopts different strategies of survival', sustainability', through competitive advantage which can be gained by utilizing valuable, scarce and inimitable resources. It is generally observed that success of any organization is an indication of managerial competency and efficacy, which in turn is related with the strategic development of human resources, thus human resource playing a pivotal role in the organization is a major value adding resource. Climate plays a crucial role affecting the human resource of the organization. The different factors of organizational climate which needs to be accessed depends upon needs, concern and perception of employees. HRD is needed to develop competencies in an individual by discovering the hidden potential, improving the employee's current skills and utilizing for the benefit of the organization. Again employee expects other rewards and satisfaction on the basis of their perception of organization's climate,

therefore organizational climate has a direct link with the performance of employees, hence contributing the same for their job satisfaction.

Thus, more a firm is focused on employees, more it will have skilled, committed and dedicated labor force; more satisfied employees; higher will the performance and thus a firm develops competitive advantage. In public enterprise, the key to the main issue is to develop and place our human resource in such a way that organization becomes strategic, which reflects the need to institutionalized the entire system in public sector enterprise to improve the efficiency and productivity of the employees.

Organizational climate enriches the work life with positivity in an organization and thus aims to link productivity with a sense of personal accomplishment. It refers to the perception about the prevailing conditions that effects the life of an employee and activities within the organization. A tendency starting from the top level to treat the people as the most important resources of

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the organization, generating team spirit, encouraging risk taking ability in employees with supportive workforce policies and open in communication and discussions. Thus creating and maintaining a supportive climate that motivates employees to discover their hidden potential and abilities that are indispensable.

STATE BANK OF INDIA

The State Bank of India is an obvious choice to fill the space in a case study of this nature. It is a monolithic financial Organization encompassing every dimension of financial service with magnificent reach to serve the Indian people in India and abroad. In the recent times, the bank has taken initiatives to create an enabling environment to draw the best from its employees by a system of proper placements, incentives, instilling a feeling of security and well beings in its employees in order to enhance the efficiency of the bank. In short, the State Bank of India has focused on the centralized recruitment, regular training, and environment of trust, effective communication and healthy work climate to motivate its employees to deliver their best to the Organization.

LITERATURE REVIEW

Cohrs et al. (2006) examined the relationship between organizational climate and job satisfaction on 1,065 German employees from three different professional groups. The sample units constitutes of female and male teachers, professional employees and professional workers from various sectors. He examined different organizational climate dimensions as social rapport, leadership, promotion opportunity and autonomy. Correlation analysis for the first sample resulted in positive and significant relationship between employee's perception towards leadership and job satisfaction level for all the three samples. Autonomy, social rapport and promotion show positive results for second and third sample. Thus it contributes to higher level of job satisfaction.

Nor Wahiza Abdul Wahat (2007) conducted study on three public universities of Malaysia, 117 new faculties to draw upon findings on perceived organizational and job satisfaction levels. Data was analyzed using Pearson

correlation and simple regression, which resulted in significant positive relationship between perceived organizational climate and job satisfaction. Results showed that most new faculties embraced high level of perceived organizational climate and job satisfaction.

Chathoth et al. (2007) conducted a study which depicts relation between perceived organizational climate and job satisfaction. The data was collected from 77 employees served in 5star hotels. Correlation analysis was used which indicated significant positive relationship. Result of the study suggested focusing more on generating trust among the employees so as to develop abilities which provides effective strategies, support and training for them.

Monia Lola Castro (2008) explored the relationship between organizational climate and job satisfaction in an Information and Communication Technology (ICT) organization within South Africa. Sample of 696 employees across three regions was administered. It was found that there was a strong positive correlation between organizational climate and job satisfaction. The interaction of biographical and organizational variables on organizational climate and job satisfaction was studied by means of t-tests and ANOVA. And statistical significant differences were observed.

M. Srimannarayana (2009) conducted study on 726 employees working in 18 organizations in manufacturing sector in India to assess the extent of HRD climate as perceived by the employees. Data was collected from middle level employees through questionnaire. Study concluded that OCTAPAC culture has more impact on employee satisfaction than HRD climate. Career planning, rewards, and employee welfare are less focused upon rather than training and performance appraisal. Therefore, Employee welfare programmes and reward systems were recommended to increase productivity and hence increase employee satisfaction level.

Syed Ahmad Raza (2010) determined the relationship between organizational climate and performance of teachers in public and private colleges of Punjab and investigated the inference out of 100 colleges, 70 private and 30 public. Data collected was tabulated and

analyzed. Thus it was found that majority of the colleges prefer open climate thus leading to highly positive correlation to teacher performance, but paternal and closed climates were negatively correlated to teacher performance. As compared to public college principals, private college principal like closed climate in their institutions. Majority of the public and private college teachers disliked closed climate.

Nihat Kaya (2010) explored the influence of HRM activities and organizational climate on employee satisfaction. Study examined 8 HRM practices and 6 Organizational climate factors. 346 employees from 19 banks were interviewed and results after analyzing the data collected, shows that in addition to positive HRM activities, organization climate also fosters.

Dr Nirmala Chaudhary (2011) conducted study in various departments and different levels of a public sector undertaking located in North India. The data was collected through questionnaire. 71 executives were surveyed. The findings indicated that HRD Climate has a definite impact on Job Satisfaction which further leads to increased organizational performance. It was concluded that there is a significant relationship between JS and HRD Climate and any positive change in HRD Climate and its components will bring about positive changes in Job Satisfaction and in turn impact the Organizational Performance in positive manner.

Anthonia Adenike (2011) explored organizational climate as a predictor of employee job satisfaction affecting the organizational productivity. Data were collected from a total of 293 employees of a private Nigerian University. Three hypotheses were tested and it was also found that worker's job satisfaction is a function of the individual's personal characteristics and characteristics of the job like age, gender, educational status; time in position, conflict, closeness of supervision, amount of communication, etc. Thus it was concluded that there is a positive and significant correlation between organizational climate and job satisfaction.

Falah-ud-Din Butt (2012) conducted study on the executives of public, private, and foreign Banks of Karachi, out of which 90 executives were selected. The

relationship between measures of organizational climate and measures of job satisfaction was examined. For this, 14 factors were identified for each and data was collected through structured questionnaires. Multiple regression analysis was used to investigate the impact of factors of organizational climate on job satisfaction. Results showed that Organizational structure, identity, and human relations are sub factors that are positively related to the job satisfaction, whereas equity and empowerment are negatively related to the job satisfaction.

OBJECTIVES

1. To examine the nature of the Organisational Climate prevailing in the State Bank of India.
2. To study the level of Job Satisfaction of the employees of the State Bank of India.
3. To examine the relationship between Organisational Climate and Job satisfaction and review the impact of organizational climate on Job satisfaction.

HYPOTHESIS

- H01: There is no significant relationship between Organizational Climate and the level of satisfaction of the employees.
- Ha1: There is significant relationship between Organizational Climate and the level of satisfaction of the employees.
- H02: There is no impact of Organizational Climate on the level of job satisfaction of the employees.
- Ha2: There is impact of Organizational Climate on the level of job satisfaction of the employees.

RESEARCH METHODOLOGY

Research Design: The present study will be an empirical study to achieve the objectives.

Locale of the study: Employees of State Bank of India were considered.

Sampling and sample size: Convenience sampling method was followed. The study was conducted on 100 respondents from State Bank of India of north region.

Survey Instrument: Well-structured questionnaire was used for conducting the study. HRD Climate developed by Rao and Abraham and Job satisfaction scale by C.N. Daftuar was referred.

Methodological Tool: The data so collected analyzed

with the help of statistical software SPSS. Correlation and Regression analysis was used as statistical tool.

Reliability: Cronbach's alpha was used to test the reliability of the scales and the value comes out to be .967 which proves that scales are highly reliable.

(INSERT TABLE 1 HERE)

Respondent's demographic Profile: Demographic details of respondents are shown in the table below.

(INSERT TABLE 2 HERE)

ANALYSIS

Relationship between the Organisational climate and Job satisfaction

The analysis depicts that there is a relationship between the Organizational Climate and Job satisfaction. In order to determine the relationship Correlation analysis was carried out. The coefficient of correlation comes out to be .938 that shows significant High positive correlation between them. Therefore null hypothesis is rejected and there is significant relationship between the organizational climate and Job Satisfaction. So we can say if organizations will focus on providing more conducive and healthy climate then it will essentially improve the Job satisfaction of the employees that will further leads to the high performance and more committed employees.

As per the value of coefficient of correlation i.e. .938 it proved that the climate is a very strong factor to influence the level of job satisfaction of employees.

(INSERT TABLE 3 HERE)

There is very high correlation between the Organisational climate and Job satisfaction. So we have to further analyze the impact of climate on the job satisfaction of employees. So we are rejecting the first null hypothesis. And HRD climate is strong influencing factor to enhance the job satisfaction level of employees.

Impact of Organisational Climate on Job Satisfaction

In order to identify the impact of the organizational Climate on the Job Satisfaction Regression analysis was

performed. F- Value comes out to be 352.803 which is significant at 5% level of significance. Thus regression model is valid. And we can say that there is potential impact of Organizational Climate on Job satisfaction.

(INSERT TABLE 4 & 5 HERE)

T value comes out to be 3.889 and beta value is .938 which again shows there is significant impact of Climate on Job Satisfaction. Adjusted R Square comes out to be .878 which depicts that 87.8 % impact of Organisational Climate is there on Job Satisfaction. Thus it has a very strong contributing factor.

Thus Second Null Hypothesis is also rejected. Hence there is impact of Organizational Climate on the level of job satisfaction of the employees any positive change in the climate will bring positive changes in the job satisfaction of the employees that will further leads to high performance and efficiency.

CONCLUSION

The main objective of the study was to investigate the prevalent organizational climate of SBI and its effect on job satisfaction of employees. As per the findings we conclude that there is a significant relationship between organizational climate and job satisfaction level of employees. This research revealed that the firm can have more satisfied and committed employees, if the bank focuses more on providing conducive and healthy climate which will lead to high performances. The analysis, also predicts that the bank with a healthy climate, results in development of employees which further proves that the climate is a strong influencing factor to enhance the job satisfaction level of employees. Significant relationship exist between both the variables which justifies that any positive change in organizational climate, will also bring a positive change in the level of employee's satisfaction since organizational climate has a very strong impact on job satisfaction. So we can say that positive makes the system more effective, employees more satisfied, leading to high performances.

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Table 1: Reliability Check

Reliability Statistics	
Cronbach’s Alpha	N of Items
.943	30
Organisational Climate responses	

Source: Survey results

Reliability Statistics	
Cronbach’s Alpha	N of Items
.967	46
Both Organisational Climate and Job Satisfaction Responses	

Table II: Demographic profile of Sample Respondents

Age(in years)	20-30	15
	31-40	39
	41-50	35
	51-60	11
Gender	Number Percentage	
· Male	80	80
· Female	20	20
Area	Panipat	Rohtak
No. of Employees	30	30
Designation Managers (60)	20	20
Non Managers (40)	10	10
	Kurukshetra	Hisar
	20	20
	10	10
	10	10

Source: Survey results

Table 3. Descriptive Statistics

	Mean	Std. Deviation	N
Job Satisfaction	63.2800	6.73716	50
Organizational Climate	72.7200	8.77855	50

Correlations

		Job Satisfaction	Organizational Climate
Pearson Correlation	Job Satisfaction	1.000	.938
	Organizational Climate	.938	1.000
Sig. (1-tailed)	Job Satisfaction	.	.000
	Organizational Climate	.000	.
N	Job Satisfaction	50	50
	Organizational Climate	50	50

Source: Survey Results

TABLE 4

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.938 ^a	.880	.878	2.35565	.880	352.803	1	48	.000	1.825

a. Predictors: (Constant), Organizational Climate

b. Dependent Variable: Job Satisfaction

Source: Survey results

Table 5

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	10.919	2.808		3.889	.000
¹ Organisational Climate	.720	.038	.938	18.783	.000

a. Dependent Variable: Job Satisfaction

Source: Survey results