

# A study on the effect of organizational climate on the commitment and work involvement of employees in the ITES sector

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## ARTICLE DETAILS

### Article History

Published Online: 07 August 2018

### Keywords

Organizational Climate, Job Commitment, Job Involvement, Work Environment, Employee attitudes

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## ABSTRACT

The purpose of the paper is to study the effect of organizational climate on the commitment and work involvement of the employees. The study is based on two objectives which aim to study the effect of work environment on the Job commitment and the effect of work environment on the employee's work involvement. The study was conducted at Intelnet global services an ITES company situated in Ambattur, Chennai. Data was collected from 241 employees working in the organization with the use of questionnaire method. The study was conducted among senior as well as junior employees. The study used Multivariate Analysis to find whether work environment has an effect on the employee willingness to work, career satisfaction and appetite for new challenges. The study also uses Multivariate Analysis to find whether work environment has an effect on the employee decision making, use of skills and motivation to work. The study would be useful for the companies to understand that a good working environment and working condition creates job commitment and involvement among the employees to perform better and sustain within the organization.

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## 1. Introduction

Job Commitment and Involvement is a part of Organizational Behavior and Human Resource Management that has been researched widely using a number of theories and thoughts relating to it. Since motivated employees work better than unmotivated employees more studies on job commitment and job involvement is required. Job Commitment and Involvement is about how an employee feels in their jobs. The more pleasurable the job is, the more motivated the employee would feel. Job commitment is not only related to the job that the employee does but also the working environment of the organization. When an employee is emotionally attached to an organization the work is not only productive but also reduces employee turnover (Asgari & Dadashi, 2011)

It is a well known fact that happy employees are the most productive employees. There are also sayings that a happy employee is not productive. These conflicting statements that were made by HR professionals are confusing and debatable topics that need proper research and clarity. In an era where employees are so important for an organization Job commitment and Job involvement is an important area to understand and think about. The study tries to understand whether organizations provide the required work environment or organization climate that energizes the employees to give their heart and soul for the organization (Rynes, Colbert, & Brown, 2002)

The major gaps according to previous studies are:

1. Employee attitudes and their causes
2. The outcome of positive as well as negative Job commitment and Involvement.
3. A relevant method of measuring and influencing employee attitudes.

The employees of any organization have their own attitudes and view point about their job that they do and the organization in general but from the research perspective, the most prominent employee attitude is their Job commitment and Job involvement in their respective areas of work. An employee attitude is very important to understand the level of Job commitment they have and know the involvement that they have towards the work they operate (Bamber & Iyer, 2002). Tietjen & Myers (1998) defines Job commitment as a feeling of responsibility that an employee as towards the mission and vision of an organization. Job commitment within an employee would enable the employee to meet the organizations desired goal and achieve the results required with ease.

Organizational commitment or Job commitment can be defined as the state of being of the employee that is committed towards achieving the organizational goals and having a positive emotional state. It involves involvement, level of identification and loyalty (Caught & Shadur, 2000).

## 2. Literature Review

Organization climate plays a very important role in organizational commitment. Organization climate is the psychological environment of an organization and the opinion of the employees vary from person to person. Organization climate includes the opinions of employees on practices, policies and procedures of the organization (Prakasam, 1986). Organization climate enables an organization to identify the gaps with regard to areas such as working environment, compensation system, employee appraisal system, communication hierarchy and culture of the organization (Bal et.al, 2012).

Organization climate consists of employee expectations, values of the organization, norms of the organization, policies and procedures, work environment and work motivation. A

positive organization climate would facilitate good relationship between the employer and the employee preventing all barriers for work motivation and work performance (Harish Shukla & Mishra, 2006). Organizational climate is one thing that influences the behavior of the employees and determines the attitude towards the work. If an organization lacks in good organizational climate or good working environment there could be trouble in making the employee work and may increase the turnover of the organization (Githinji, 2017).

Organizational climate is more related towards the work environment in the organization and work environment doesn't only mean the infrastructure and facilities of the organization but comprises of all the aspects of work. The work environment involves all aspects such as culture of the organization, norms and values, procedures, policies etc. A positive work environment would instill motivation and confidence in the minds of the employee. Good work environment triggers employee willingness to work, job satisfaction and gives them and hunger to perform better (Lavanya, 2011).

The study aims at finding out what the employee think about work motivation and whether work environment determines employee willingness to work, job satisfaction and gives them and hunger to perform better.

Internal Managerial environment has a great impact on the functions of an organization and the organizations ability to perform. The perception of employee and image of the organization in the minds of the employee is vital. The prevailing organization climate is what determines the type of organization and its one of the most important aspects that affects the efficiency of the employees (Bowen & Ostroff, 2004). The employees are definitely affected by the current organization climate which could be either positive or negative. If the organization climate is positive it could be encouraging to the employees but if there are flaws in the organization climate it could lead to lower work performance and unwillingness to work (Cooper Hakim & Viswesvaran, 2005)

A healthy organizational climate provides an opportunity that encourages innovation and gives employees more scope in decision-making, work performance, communication and incentives. Positive organizational climate is known to improve the work performance of the individuals and create a sense of healthy competition among the employees. This healthy competition benefits the organization and reflects on the turnover or profit of the company (Krishnan and Mary, 2012; Alajim, 2016).

Job Commitment and Involvement is a phenomenon that transcends the borders of the organization or company, and impact individual life outside the organization (Lumley et.al, 2011). Achieving individual Job Commitment and Involvement will help identify existing problems and difficulties in the organization and determine the cause of the absence of staff. Brief & Weiss (2002) described it as 'a positive (or negative) evaluative opinion on one's job or work situation'. Internal environment has a significant impact on all variables and different relationships within the organization, as well as members' behavior, which is reflected in their organization and

its ability to perform the required tasks and achieve its goals successfully. This means that the work environment has affected the state of satisfaction of the individual and the expected level of performance, where many several studies have shown a positive relationship between organizational climate and Job Commitment and Involvement.

Job Commitment and Involvement is influenced by the various factors in order to complete required tasks in a company. However, it has been difficult to measure Job Commitment and Involvement to improve the quality and productivity because of the uniqueness of the employee. In order to improve the worker's productivity for Job Commitment and Involvement, a Hawthorne study was conducted by the Elton Mayo. Taylor (1911) contributed to a skilled labor and piece work when compared to hourly wages regarding Job Commitment and Involvement. Lambert & Hogan (2009) concluded that there is a positive correlation between promotions and Job Commitment and Involvement.

Thomas and Ganster (1995) found that there is a relationship between direct and indirect support for family supportive supervisors on Job Commitment and Involvement. Dayanandan (2011) founded that Job Commitment and Involvement with co-employees were positive among different level of employees. James, Choi & Ko et.al (2008) explained that the level of Job Commitment and Involvement is much higher in managers. Luthans (2002) classified the Job Commitment and Involvement into the three factors such as physical, psychological and environmental factors. Ketchand & Strawser (2001) indicated that the different levels of manager are largely positive with Job Commitment and Involvement. Soonhee (2009) studied the critical variables influencing work fulfillment of IT employees.

Wu and Wang (2010) recommended the significance to identify variables in the middle of the procedure of assessing occupation fulfillment. Ravindran (2012) examined on occupation fulfillment, observational proof of the relationship between HR rehearses in IT and employment fulfillment is deficient. Aggarwal (2014) conducted the study on non-profit research group for Job dissatisfaction among the physical factors. Jan and Raj (2016) studied the workers about employment, usage and up gradation of abilities and learning. Based on the literature survey, there is a paucity of studies for identifying the factors of Job Commitment and Involvement in IT Company. The objective of the study is to identify the factors for improving the satisfaction level of employees in ITES.

An organization should understand the social problems that a society faces and accordingly take decision in the company. The individuals face various pressures from the society which is the external environment hence organizations should structure their procedures and policies in alignment to the culture of society (Salcius, 2009). Since the work of any organization is complex and ever changing unity in the work is needed for the organization to achieve the relevant goals of the company. It is a well known fact that a group of people become an organization and this group of people will stand only when there is cooperation and coordination among the employees.

Employees cooperate in organizations in order to achieve organizational goals and impossible to achieve individually. An organizations growth depends upon the individuals working in the organization. There is a reciprocal dependence of employer on the employee and employee on the employer. Organizations can't survive without a group of people to achieve their goals where as employees need the support of the management for their livelihood. Even though there is a mutual understanding, employees psychological nature needs to be considered by the management (Lambert & Paoline, 2008).

**3. Statement of the problem**

The organizations have a duty of making the employees satisfied in their job. The study is aimed at finding out the factors that can satisfy the employees in a better manner. The study deals with identifying the satisfaction and dissatisfaction of the employees on the benefits provided to them.

The study explores other factors which can satisfy the employees in better manner in intelenet global services and factors that have been avoided such as working condition and involvement of the employees towards their work which contributes to the smooth functioning of employer-employee relations.

The factors that contribute to employee satisfaction are treating employees with respect, empowerment of employees, recognizing the employees, adequate compensation and welfare benefits, good working environment and an enjoyable work atmosphere.

**4. Need for the study**

Climate of an organization is similar to the personality of an individual. Every organization has their own personality just like the personality of the individuals. Every individual have unique personality and that separates him from each other similarly the organization climate of every company differs and this is what makes them so unique hence it is very necessary to adopt organization climate that suits the current requirement of employees

Organizational climate reflects an employees' perception of the organization to which they belong. The major force that influences the behavior of the employees is the unique characteristics and features of an organization. Individuals have two kinds of environment to face, one is the internal environment and the other is the external environment. The organizational climate in these internal environments is very important for them to feel motivated and interested.

**5. Objectives of the study**

1. To study the effect of work environment on the Job commitment of the employees.

2. To study the effect of work environment on the Job Involvement of the employees.

**Hypothesis**

- H<sub>1</sub>: Work Environment has a significant effect on employee willingness to work, career satisfaction and appetite for new challenges.
- H<sub>2</sub>: Work Environment has a significant effect on decision making, use of skills and motivation to work.

**6. Research Methodology**

The research design is descriptive in nature. Descriptive study is a fact and investigation with adequate inference. The data was collected from 241 employees of Intelenet Global Services using the questionnaire method. Convenient sampling method was used for data collection. The main purpose of sampling is to select some of the element in a population that would draw conclusion about the entire population.

The respondents were distributed questionnaires in the company during working hour. A schedule for distribution of questionnaires was prepared in consultation with the personnel and administration department of the organization. This was conducted in an informal manner. Questionnaire is the heart of survey operation. A structural questionnaire method was used with likert scaling techniques.

**Tools used for data analysis:**

SPSS : MANOVA (Multivariate Analysis)

**7. Limitations of the study**

1. The study is limited to only the employees of Intelenet in the ITES sector. Studies on 2 or 3 organizations in the ITES sector could have given a varied response.
2. The study was conducted using only questionnaire method which could give rise to biased responses.
3. The duration of the research is only for three months which limits the study. A more extensive research could be studied with a period of 6 months.

**8. Analysis and Interpretation**

Manova test is used to find the effect of one or more independent variables on multiple dependent variables. The Manova test enables the research to find if work environment has an effect on employee willingness to work, career satisfaction and appetite for new challenges. Manov test is also used to examine the effect of work environment on decision making, use of skills and motivation to work.

**H<sub>1</sub>: Work Environment significantly predicts employee willingness to work, career satisfaction and appetite for new challenges.**

**Table 1**

Multivariate Tests						
Effect		Value	F	Hypothesis df	Error df	Sig.
Intercept	Pillai's Trace	.971	2559.339 <sup>b</sup>	3.000	231.000	.000
	Wilks' Lambda	.029	2559.339 <sup>b</sup>	3.000	231.000	.000
	Hotelling's Trace	33.238	2559.339 <sup>b</sup>	3.000	231.000	.000

	Roy's Largest Root	33.238	2559.339 <sup>b</sup>	3.000	231.000	.000
Work environment	Pillai's Trace	1.900	57.469	21.000	699.000	.000
	Wilks' Lambda	.029	76.313	21.000	663.857	.000
	Hotelling's Trace	9.156	100.131	21.000	689.000	.000
	Roy's Largest Root	7.023	233.774 <sup>c</sup>	7.000	233.000	.000
a. Design: Intercept + work environment						
b. Exact statistic						
c. The statistic is an upper bound on F that yields a lower bound on the significance level.						

According to the above table 1 Wilks Lambda row shows that there is an actual effect of work environment on employee willingness, career satisfaction and appetite for new challenges. The results show that there is a significant effect of the independent variable on the dependent variable since the

p-value is 0.000 which is <0.05. The test shows F value 76.313 and A value = 0.029. Since the test is significant at 1% level there is a significant effect of work environment on employee willingness to work, career satisfaction and appetite for new challenges.

Table 2

Tests of Between-Subjects Effects							
Source		Type III Sum of Squares	df	Mean Square	F	Sig.	
Work environment	Employee Willingness to Work	184.111	7	26.302	30.350	.000	
	Career Satisfaction	314.534	7	44.933	36.286	.000	
	Appetite for New Challenges	193.693	7	27.670	141.175	.000	
a. R Squared = .477 (Adjusted R Squared = .461)							
b. R Squared = .522 (Adjusted R Squared = .507)							
c. R Squared = .809 (Adjusted R Squared = .803)							

Table no 2 illustrates the results between subjects. The test shows a significant effect of work environment individually on employee willingness to work, career satisfaction and appetite for new challenges since all the values show

significance at 1% level. Since the p value is <0.005 for all the independent variable it is concluded that H<sub>1</sub> is accepted and the null hypothesis is rejected.

Table 3

Multivariate Tests						
Effect		Value	F	Hypothesis df	Error df	Sig.
Intercept	Pillai's Trace	.967	2280.366 <sup>b</sup>	3.000	231.000	.000
	Wilks' Lambda	.033	2280.366 <sup>b</sup>	3.000	231.000	.000
	Hotelling's Trace	29.615	2280.366 <sup>b</sup>	3.000	231.000	.000
	Roy's Largest Root	29.615	2280.366 <sup>b</sup>	3.000	231.000	.000
Work environment	Pillai's Trace	1.630	39.578	21.000	699.000	.000
	Wilks' Lambda	.065	50.268	21.000	663.857	.000
	Hotelling's Trace	5.759	62.986	21.000	689.000	.000
	Roy's Largest Root	4.367	145.344 <sup>c</sup>	7.000	233.000	.000
a. Design: Intercept + wrkenviro						
b. Exact statistic						
c. The statistic is an upper bound on F that yields a lower bound on the significance level.						

According to the above table 3 Wilks Lambda row shows that there is an actual effect of work environment on decision making, use of skills and motivation to work. The results show that there is a significant effect of the independent variable on the dependent variable since the p-value is 0.000 which is

<0.05. The test shows F value 50.268 and A value = 0.065. Since the test is significant at 1% level there is a significant effect of work environment on decision making, use of skills and motivation to work.

Table 4

Tests of Between-Subjects Effects						
Source		Type III Sum of Squares	df	Mean Square	F	Sig.
work environment	Decision Making	279.864	7	39.981	132.852	.000
	Use of Skills	123.763	7	17.680	34.008	.000
	Motivation	151.450	7	21.636	37.100	.000

a. R Squared = .800 (Adjusted R Squared = .794)
b. R Squared = .505 (Adjusted R Squared = .491)
c. R Squared = .527 (Adjusted R Squared = .513)

Table no 4 illustrates the results between subjects. The test shows a significant effect of work environment individually on decision making, use of skills and motivation to work since all the values show significance at 1% level. Since the p value is <0.005 for all the independent variable it is concluded that H2 is accepted and the null hypothesis is rejected.

## 9. Suggestions and Conclusions

The organization needs to provide proper working condition and good organization climate for the employees to be more satisfied and committed in their jobs. A good organizational environment enables good relationship between the employer and the employee building trust and capability. The infrastructure provided by the organization with all facilities to do their job makes the employee more comfortable in doing their work. Canteen facilities provided by the organization are useful for the employees to refresh and have food whenever needed. The latest technology is required for the employees to perform the job up to the standards of the organization. The organization should support the employees by giving them chance to participate in decision making that would motivate them to be more attached to the company. Employees should be given more challenging tasks and responsibilities to make them feel proud working in the organization.

The study highlights the importance of organization climate towards the job commitment and Job Commitment and Involvement of the employees. Organization climate plays a vital role in keeping the employees happy in their work. Since organization climate is generally associated with job performance and job commitment of the employees, organizations generally focus on providing good working environment and working culture for them to be emotionally attached to the organization.

Employees generally look for proper work culture and working conditions. Employees should be given more challenging tasks and responsibilities to make them feel proud working in the organization. The infrastructure provided by the organization with all facilities to do their job makes the employee more comfortable in doing their work.

Continuous research and experiments have been undertaken to understand human beings at work and the ways to improve their Job Commitment and Involvement, balanced with the aim of the organization to combine better productivity with Job Commitment and Involvement which gives rise to better performance by the organization.

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