

Influence of Organizational Climate on Employee Behaviour and Performance in Spinning Mills at Dindigul District

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ARTICLE DETAILS

Article History

Published Online: 10 November 2018

Keywords

Organisational climate, Working Atmosphere, Welfare Facilities, Employee Behaviour, Employees' Performance

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ABSTRACT

This paper explores the influence of organizational climate on employee behavior and subsequently their performance in spinning mills at Dindigul district. Two components of organizational climate viz. working atmosphere and welfare activities are considered important. It is assumed that a positive organizational climate will have an impact on employees' behavior which will in a row enhance their performance. This paper reflects the outcome of a study conducted on fifty employees of spinning mills in Dindigul district to know the sequential influence of organizational climate on employees' behavior and performance. These employees were selected to the researcher's convenience. Data were collected through questionnaires which recorded the selected employees' responses on a 5 point scale in the continuum of agreeing. Reliability of this tool was found at 0.72 and 0.88. Path analysis was used for data analysis. The analysis revealed that working atmosphere and welfare facilities have an influence on employee behavior and further the employees' behavior has an impact on their productivity. The outcome of the study strongly suggests that the management of spinning mills in Dindigul district should ensure better working atmosphere and welfare facilities to its employees for ensuring positive work behavior and increasing employees' performance.

1. Introduction

Organizational climate is a widely spoken topic within the manufacturing industry. It has been a crucial area of focus in textile industry. Organizational climate has even greater scope in spinning mills at Dindigul district which attracts labour from various walks of life. Organisational climate has a strong connection with leadership in management functions. Climate exists in several levels, together with work surroundings and welfare facilities provided to the workers in an organization. Organisational climate contributes in terms of many positive inputs to the overall productivity of the organization including employee behaviour, morale and performance. Work climate in organization is an integral part of the functioning as it reflects in its employee's behaviour.

Behaviour and performance of the employees are the key result areas of the climate prevailing in an organization. Work atmosphere and welfare facilities are the two major contributors to organizational climate and stands as the key units in measuring organizational climate among various other factors. The aim of organizational climate is to boost commonness and cohesion, and to stimulate employees' enthusiasm and power to boost the organization's economic potency. Additionally, organizational climate greatly influences worker behavior and eventually employee's performance. The aim of this study is to search out the relationship between organizational climate, employees' behaviour and employees' performance.

2. Review of Literature

Fritzsch (2009) explored that various configurations of organizational climate and organizational strategy lead to strategic employee behavior which is crucial for organizations

to reach their goals and also found that strategic employee behavior is related to the fit between the organizational strategy as perceived by all employees and the organizational climate within an organization. The results reveal that fit is negatively related to innovative work behavior and the customer-oriented behavior; knowledge sharing and affective commitment are not significantly related to fit.

Riggle (2007) investigated that organizational climate variables such as perceived organizational support, ethical climate, and trust do positively impact employees psychological and behavioral outcomes. However, Parker, et al. (2003) explained that work attitudes also mediate the effects of climate on employee performance and motivation. Whereas Glisson and James (2002) viewed that the organizational culture influences work attitudes like job satisfaction, commitment, service quality and staff turnover etc.

Nanda and Panda (2013) stated that Rourkela Steel Plant has adopted a better kind of welfare activities which create an effective working environment and thus better productivity. The different kinds of welfare schemes like medical allowance, death relief fund, insurance, housing, transport, recreation club facilities, etc., are provided by the company to the employees to maintain better industrial relations. Walking in the similar path Rajkuar (2014) opined that Employees are highly perishable, which need constant welfare measures for their upgradation and performance in this field, the social and economic aspects of life of the workers have direct influence on the social and economic development of nation. Lalitha and Priyanka (2014) stated that the welfare measures need not be in monetary terms only, but in any kind/forms. Employee welfare includes monitoring of working conditions, creation of

industrial harmony through infrastructure for health, industrial relations, insurance against disease and accidents.

3. Research Methodology

Research Design

Descriptive research design has been followed in organizing this research work. The descriptive research attempts to describe the influence of organizational climate on employee behaviour and eventually employee performance. Survey method of data collection has been used collect data in support of this proposition. A sample of 50 employees to the researcher's convenience has been chosen from the spinning mills of Dindigul district to find the influence of organizational climate on employee behaviour and employee performance.

Framework of the Study

The figure found below shows the conceptual framework of this study. In this study, working atmosphere and welfare facilities have been considered as independent variables. Employee behaviour has been considered as a mediator variable. Employees' performance has been considered as an outcome variable. Organizational climate has been considered to be determined by two factors i.e., working atmosphere and welfare facilities.

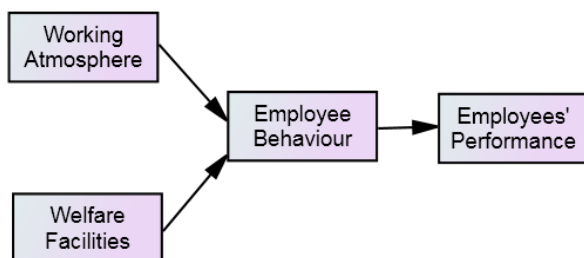


Figure 1: Conceptual framework of the Study

4. Objective of the study

- To find the influence of working atmosphere and welfare facilities on employee behaviour.
- To identify the influence of employee behaviour on employees' performance.

5. Hypotheses of the Study

- There is no influence of working atmosphere and welfare facilities on employee behaviour.
- There is no influence of employee behaviour on employees' performance.

6. Questionnaire Construction

Table 1: Questionnaire Construction

S.No	Tools used	No. of item	Author
1	Working Atmosphere	5	Self Designed
2	Welfare Facilities	6	Self Designed
3	Employee Behaviour	33	Paul, et al. (2005)
4	Employees' Performance	4	Self Designed

Source: primary data

The questions have been designed to consist of five sections. Section A consists of demographic profile of spinning mills employees. The other four Sections deal with questions to help test the research hypothesis. The responses have been recorded using a five-point Likert Scale, with 1 representing "strongly disagree" and 5 representing "strongly agree".

Reliability

Table 2: Reliability

S.No	Tools used	No. of item	Reliability
1	Working Atmosphere	5	0.74
2	Welfare Facilities	6	0.82
3	Employee Behaviour	33	0.88
4	Employees' Performance	4	0.72

Source: primary data

Reliability of the tools used in the study is identified through Cronbachs alpha method. The above given table illustrates that Cronbach alpha values are satisfactory and are suitable to be used for this research work.

Sampling

Spinning mills in Dindigul district have been chosen for this study as there is a huge scope for the role of organizational climate in protecting and developing these mills.

Sample Size

The study has been administered among 50 spinning mills employees and the data were collected within a time period of one month.

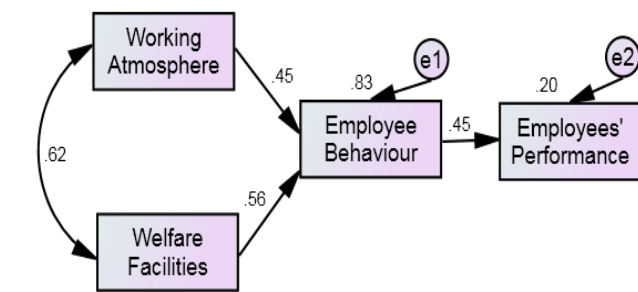
Sampling technique

Convenience sampling technique has been followed to gather the data for the study. These data have been collected through a structured questionnaire which offers a high degree of accuracy and in a short period, a valid and a comparable result.

Tool for data Analysis

Path analysis has been used as the tool for analyzing primary data. Organizational climate consisting working atmosphere and welfare facilities, its contribution to employee behaviour and the impact of employees' behaviour on their performance was the central theme to which data were collected and analysed.

7. Analysis and Discussion



Model fit Indication

Chi-Square	p	GFI	AGFI	CFI	NFI	RMR
8.124	0.008	0.966	0.903	0.977	0.972	0.047

Source: primary data

The results shown in the above table provide a quick overview of the model fit, which includes the chi-square value (8.124) and probability value (0.008). In this model, the researcher has obtained Goodness of Fit index (GFI) at 0.966 as against the recommended value of above 0.90. The Adjusted Goodness of Fit Index (AGFI) is 0.903 as against the recommended value of above 0.90 as well. The Normed fit Index (NFI) and Comparative Fit Index (CFI) are 0.982 and 0.977 respectively as against the recommended level. The Root Mean Square Residual (RMR) is also well below the recommended limit of 0.047. It is understood that different fit indices assess fit in different ways and the researcher has relied on all indices to reach a judgment concurring the overall fit of the model.

Regression Weights: (Group number 1 - Default model)

DV		IV	Estimate	S.E.	C.R.	Beta	p
Employee Behaviour	<---	Working Atmosphere	0.290	0.029	10.129	0.450	***
Employee Behaviour	<---	Welfare Facilities	0.462	0.037	12.620	0.561	***
Employees' Performance	<---	Employee Behaviour	0.683	0.116	5.901	0.449	***

Source: primary data

Hypothesis – 1: Working atmosphere has significant influence on employee behaviour.

The maximum likelihood estimator of this relationship is 0.290 and the standard error is 0.029 with the critical ratio of 10.129. The p-value is found to be significant. Hence the (H1) is accepted. It shows that one unit increase of working atmosphere leads to increase of 0.450 level on employee behaviour. The standardized regression weight indicates the strength of relationship between the unobserved variables. The result shows that working atmosphere has positive direct effect on employee behaviour.

Hypothesis – 2: Welfare facilities has significant influence on employee behaviour.

The maximum likelihood estimator of this relationship is 0.462 and the standard error is 0.037 with the critical ratio of 12.620. The p-value is found to be significant. Hence the (H2) is accepted. It shows that one unit increase of welfare facilities leads to increase of 0.561 level on employee behaviour. The standardized regression weight indicates the strength of relationship between the unobserved variables. The result shows that welfare facilities have positive direct effect on employee behaviour.

Hypothesis – 3: Employee behaviour has significant influence on employees' performance.

The maximum likelihood estimator of this relationship is 0.683 and the standard error is 0.116 with the critical ratio of 5.901. The p-value is found to be significant. Hence the (H3) is accepted. It shows that one unit increase of employee behaviour leads to increase of 0.449 level on employees' performance. The standardized regression weight indicates the strength of relationship between the unobserved variables. The result shows that employee behaviour has a positive direct effect on employees' performance.

8. Findings

- Working atmosphere has an influence on employee behaviour.
- Welfare facilities have an influence on employee behaviour.
- Employee behaviour has an influence on employees' performance.

9. Recommendations

- Factors contributing to the working atmosphere of employees in spinning mill should be identified and all measures should be taken consistently to alter these factors to the fullest satisfaction of the employees.
- Need based and personalized welfare facilities should be provided in addition to the standard facilities that are provided at present.
- Management of spinning mills should avoid post behaviour measures and concentrate in setting a good organizational climate to extract a favourable employee behaviour.

10. Conclusion

The study strongly suggests that there is a strong influence of organizational climate on employee behaviour and employee behaviour in turn influences employee performance in the spinning mills at Dindigul district. It asserts that a positive organizational climate will ensure favourable employee behaviour and that in turn will enhance employee performance. Hence, it is concluded that spinning mills management should focus much in ensuring better organizational climate for a favourable employee behaviour and greater productivity.

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