

# Good research paper on creating a sustainable organizational climate

[Business](#), [Management](#)



Through this research paper, it is going to be discussed how to create a sustainable organizational climate and what is the formal relationship between organizational climate and organizational performance. This topic is constituted for many other factors, which will help an organization to be workable.

A good working environment is directly connected to the performance of a company. Since there is much competition among companies, so they have to strive hard to intimate products, and this is a need of the day to adopt the fast changes within the organizational climate. In order to sustain the tough competition, it is also equally important to generate the sustainable competitive advantages both to the employees and to the customers. This study will highlight the resource based strategic management perspective which has a direct link to the internal environment of the company.

In resource-based perspective, traditional sources like natural resources and technology are no more sufficient and relied upon, and the companies need to develop new sources in order to have competitive advantages relying on unique competencies. In the context of this perspective, the most reliable and effective resource could be the human resource (Lado & Wilson, 1994). Though the value creation for human resource is somewhat complex and tough and making it the valuable and non-sustainable source of competitive advantage is equally challenging (Barney, 1991).

## **Managing Influences the Global Environment**

Human resource practices affect the organizational performance, and this has been studied by many researchers. Many studies focus on the types of human resource practices rather than how they are perceived by the

employees. However, a model has been developed by Wright and Nishii (2010) in which stated that the intended Human Resource (HR) practices are quite different from the HR practices as perceived by the employees. These perceived HR practices have higher predictive value for organizational performance than the intended ones. Organizational climate is a shared perception of how the organization looks like and which combination is in practices, policies, procedures, routines and rewards (Bowen & Ostroff, 2004). All these practices are the integral components of any organization. Organizational climate hence can be viewed as a representation of the perception of those human resource practices which bring more predictive value to organizational climate for better organizational performance than concentrating only on human resource practices.

Literature on organizational performance and organizational climate have found links between the duos. Management plays a significant role in the organizational climate perception of employees as it is the team responsible for the implementation of particular human resource practices. Small organizations have more positive organizational climate than larger ones. Organizational climate is formed of many things, individuals, work and organization itself. Organizational climate and culture are very closely related, but they are two different aspects. Though both deals with how individuals within an organization try to make sense of their environments, and they learn it through interactions among each other and with their superiors (Kuenzi & Schminke, 2009). There are fundamental differences between the organizational climate and organizational culture and have been highlighted by researchers.

Organizational culture refers to the developing structure of the organization bonded together with the values, beliefs, and assumptions of employees. While organizational climate is reflected from the practices and procedures visible and observable from the surface of the organization. Organizational climate is normally temporary and keeps on changing time to time and is in direct control of the management. It is governed by the perceived thoughts of the employees. From managerial view point, the organizational climate is an interesting phenomenon. Changes in organizational climate is quickly observed.

Success of an organization is also dependent on the quality and efforts of the people that works for the organization. Hardworking, flexible, knowledgeable and dedicated workers are the sources of competitive advantage for the organization. Top managers acknowledge the efforts of such workers who bring value to the organization. Top management play important role in conducting the human resource practices smoothly (Verburg & Hartog, 2006). Managers use human resource management as a key element of their business strategies. Top managers are responsible for executing the HR practices as it is expected to be in the mind of lower employees. The effective relationship between organizational climate and organizational performance can be best-explained using Social Exchange Theory. The theory is based on assumptions that social exchange involves several actions creating obligations, and these relationships develop over time into trusting, loyal and mutual commitments (Cropanzano & Mitchell, 2005). The relationships exist between either among two persons or several persons and also among persons and organization. Repayments is the exchange rule

most commonly observed under this model. The action of one party stimulates a response from the other party who has to " repay" this action. Employers reward employees in two different ways using economic and socio-emotional resources. Economic resources are those which are tangible and are in the form of financial rewards. Socio-emotional resources are also tangible and target the social needs of the workers. Giving these resources to the employees, employers can create strong relationships with the employees and employee in return repay those rewards in the form of better performance and positive work attitude (Cropanzano & Mitchell, 2005). Organizational climate is the component of socio-emotional and economic resources. When managers establish an organizational climate perceived as positive by the employees, this can result in better organizational performance and higher employees' commitment towards the organization. This attitude also gives job satisfaction to the employees. Leadership has the main influence on the organizational climate and is normally called as the driver for organizational climate. Leadership roughly can be divided into three types of behaviors: consideration, initiating structure and transformational (charismatic) leadership. Whereas consideration is the level at which a leader acts in a supportive and friendly manner. He holds deep concerns towards employees' issues. In addition, initiating structure is the level at which a leader formulate and define his role and for the rest of the employees in order to attain the organization's objective. Transformational or charismatic leadership adds visionary aspect to leadership style as well as emotional involvement of employees within the organization.

## **Motivational Rewards**

Job satisfaction is an effective and emotional reaction that an employee can carry towards his/her job which result in comparison of actual outcomes with expected outcomes (Cranny, Smith & Stone, 1992). Thus, jobs are evaluated by people on the basis of all those factors that important and crucial to them. Every organization is normally characterized by some reward system. This is the responsibility of managers to increase the rewards time to time if they want more efforts from their workers as people respond to incentives. Employee motivation is particularly long lasting research subject in Human Resource Management. Rewards have a psychological impact on the employees. Rewards have two types, intrinsic and extrinsic. Intrinsic motivation is present when individuals do something for pleasure or enjoyment while extrinsic motivation occurs when individuals do something due to external forces. Organizational climate has a direct relationship with organizational structure (well organized and well defined roles and responsibilities). Responsibility: encouragement of individual's judgment and discretion having employees to feel that they are their bosses. Risk-willingness to avail chances on employees' ideas, and reward-providing incentives to positive performances such that it must outweigh the punishment. Warmth and support- keeping warm relationship among employees and keeping supportive, and people oriented environment in the organization. Conflict- avoiding arguments and disagreements by keeping good interpersonal relationships and expect approval- pride and loyalty towards the organization and work group.

Extrinsic rewards are those tangible rewards given to the employees by the

managers that are usually in the form of financial in nature such as pay raises and bonuses. They are termed as extrinsic because they are external to the work and other people control their size whether they should be granted or not. While, on the other hand, intrinsic rewards are psychological rewards that employees receive from doing meaningful work and performing very well the task they have been assigned. Extrinsic rewards used to play a major role in earlier eras when work was more of a routine and bureaucratic and rule regulations were paramount. Such a work used to offer employees with intrinsic rewards so that the extrinsic rewards were only the motivational tools available in the organization. Extrinsic rewards are significant to workers as pay is an important factor for workers in accepting a job, and unfair pay can act as strong de-motivator. But since after the settling of the pay issues, extrinsic rewards are now getting less important as day-to-day motivation is getting its importance and are considered now as strong motivational forces (Kenneth Thomas, 2009).

Most of the employees these days are expected to self-manage themselves to a certain degree using their intelligence as well as experience to direct their work activities in order to accomplish important organizational objectives. In this way, employees add value to their work. Intrinsic rewards are categorized into many types:

**Sense of Meaningfulness:** That reward involves the meaningfulness or the importance of the purpose the worker is trying to fulfill. Worker feels that he/she has achieved something of real worth and used to give a strong sense of purpose or direction being on right path (Kenneth Thomas, 2009).

**Sense of Choice:** In this context, the employee is free to opt the way how

he/she should perform the task. He/she uses his best assessment to excel such work activities that facilitate to make the sense to him/her and perform them in a particular way that they are more appropriate to him/her. At this stage, employee feels ownership of his/her work. He believes in the approach he/she is taking to carry on the task that provide him/her a sense of full control and responsibility (Kenneth Thomas, 2009).

**Sense of Competence:** Under this scenario employee feels that he/she is handling his/her work well and his/her performance level meets certain standards and delivering good, high-quality work. Employee feels a sense of satisfaction, pride in how he/she handles activities (Kenneth Thomas, 2009).

**Sense of Progress:** Employee is encouraged that his/her efforts are accomplishing something and he/she feels that his/her work is on the right track. Employees used to observe convincing signs from his/her upper management that things are working out perfectly. It gives him/her confidence in his/her future and the choices he/she has made (Kenneth Thomas, 2009).

Intrinsic rewards are given to employees based on their performances, and the performance of employees have been classified into different ranges. The high-range employees enjoy all the four intrinsic rewards more intensely, and these are highly encouraging and emerging to them. Middle-range employees enjoy these rewards to a moderate level such as their work may seem to be reasonably meaningful, but they have to adhere to some decisions that may not be meaningful to them. Low-range employees are normally those who are dissatisfied with many aspects of their work and may feel that their work is relatively meaningless or pointless, and they are not



given power of self-decisions. These feelings may drain the employees of energy, and they become resentful about their job. Employees are ranked on these ranges on the basis of their performance, and there is no personal favor involved in making these decisions by the top level management (Kenneth Thomas, 2009).

People with high reward level dispense better concentration and consequently they get effective rating by their bosses. Intrinsic rewards are strong factors of retention, and this is the right form of retention as every organization intends to retain the most energized and skillful workers rather than those who can't dare to leave the job. Employees of higher intrinsic rewards ultimately become the symbol of success of any organization and become the recruiters for the organization. These rewards are healthy and a good source of motivation for the employees. Workers having high reward level experience more positive feelings towards their job and organization and become more committed to their organizations. Their job satisfaction is higher, and they report less stress symptoms and get the feelings that they are growing professionally very well time by time (Thomas, 2009).

## **Learning and workers motivation**

The other important aspect in the organization culture is to provide training opportunities to let the employees grow their skills and expertise. The manager's role is very important in such training programs, and it may help in increasing the employees' job performance. The studies also show that the supervisor or manager's role in training also positively affect the motivation level of the employees. Since supervisors are considered as the front line for

management who are given major responsibilities and duties to lead work groups in organizations (Elangovan & Karakowsky, 1999). The supervisors work together with the employers to design, implement and monitor the organizational plans, policies, and procedures due to their experience and status of role model at the top group. For instance, planning for training programs for the employees when needed (Comstock, 1994). A training program is normally strategic function of human resource management where focus is given on developing overall employee competencies to overcome daily work problems and to polish their expertise. This is helpful in the growth of the organization as well in the future. Supervisors identify the routine work deficiencies of the employees and report about these deficiencies to top management. Top management then identify the training requirements or training needs to overcome those deficiencies (MacNeil, 2004).

In this global competition era, many organizations now have shifted their attention from traditional on-job training to organizational culture and business strategies (MacNeil, 2004). This approach, provide full authority to supervisors by the employers to make effective design and administer training programs to develop useful competencies for the success of the organization. Supervisors often work together with management during planning and designing of training in order to formulate training objectives and selection of appropriate trainers. They also contribute in developing effective lesson plans, preparing course materials, selecting program methods and techniques, scheduling the programs. There is variety trainings that are used to engage employees to enhance their skills (Goldstein & Ford,

2002). Training commonly depends on the amount of available resources as well as the structure and the priority the company. According to Ismail et al. (2010), training is a form of reward in order to provide opportunities to grow within the organization. Any training would be helpful to them wherever they would go and serve any organization, they will be able to bring much better results in their respective fields. There are different types of training:

### **Technical or Technology Training**

Technical training is required depending on the nature of the job. It is such sort of training in which the new employees are taught regarding the technological aspects of the job. For instance in a retail environment an employee is trained how to use the computer to ring up the customers (Ismail et. al, 2010).

### **Quality Training**

Quality training is extremely important, and it refers to familiarizing employees with the means of detecting, preventing and eliminating non-quality items. It is particularly important in an organization that produces goods or products used by the customers. This training facilitates employees in gaining the knowledge required to recognize quality of products as standards set by the organization and able them in decision making in case of a sub-standard quality (Ismail et. al, 2010).

### **Skills Training**

This type of training refers to inculcate the knowledge required to do a job like administrative assistant may be trained how to answer the phone. This

doesn't mean that employee is not aware of his work. It only means to develop more convenience as how to utilize the available resources for his job and perform his work more efficiently (Ismail et. al, 2010).

### **Soft Skills Training**

This type of training highlights the personality traits, communication, social graces, and personal habits that are used to characterize relationships with people within the organization. It is meant to teach people the organization manners and attitude like how to be friendly to customers and people working within the organization (Ismail et. al, 2010).

### **Professional Training**

Such a training is done to the employees who already are skillful in their work, but the training is required to promote them to next higher level in their duties or job. This means to assign them extra duties to polish their skills. This training is conducted as an ongoing basis and mean to update an employee in his/her field (Ismail et. al, 2010).

### **Team Training**

This training requires training in groups to increase the interpersonal communication skills and to promote teamwork spirits. Here employees are being trained to be able to perform their role of a team leader when required in the future as well as an active participant of a working group.

### **Conclusion**

Organizational culture is the collection of shared assumptions, beliefs and values that govern how people behave in an organization. Organizational

climate is formed of the culture prevailing in the organization as it provides the boundaries and guidelines that help employees know the correct way to perform their duties. Human resource practices play an important role in creating a professional climate in the organization. Organizational culture is formed by the human resource practices prevailing in the organization and is normally called as the " Personality" of the organization. This culture makes a unique climate in the organization. Thus, organizational culture can also be defined as how the employees of an organization experience the culture of an organization. Positive climate reflects a positive and progressive atmosphere in the organization that includes providing an environment conducive for growth of the employees. Such an environment provides incentives to employees for their better performances in the form of rewards like financial and moral support along with providing the liberty to work in their way. In such an environment also growth opportunities are provided by proper trainings required time to time to the employees to polish their skills and expertise. In short it can be concluded that the organizational climate is the overall atmosphere that is governed by the perceptions of the people working there. Rewards either in the form of trainings, intrinsic or extrinsic rewards are motivational factors affecting the employees psychologically or this may help in employees retention plus their loyalty with the organization.

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