

Organizational Climate and its Effect on Organizational Commitment: A Case of IT Industry in India

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Abstract

The literature related to organizational psychology and organization behaviour indicate that organizational climate and commitment are significant contributing factors towards the organizational Success. This paper proposes the purpose of the study as to investigate the effect of organizational climate on IT industry employee's organizational commitment. The research is cross-sectional, and a sample 236 IT employees survey was administered through the questionnaire. Regression analysis is used to check the impact. Results indicate that affective commitment significantly affected by all nine dimensions of organizational climate, while continuance commitment impacted by seven dimensions except career development and communication. Moreover, normative commitment highly correlated with all dimensions other than the communication. Overall organization climate has significant impact on commitment of employees.

Key Words: Organizational Climate, Organizational Commitment, Affective Commitment, Normative Commitment, Normative Commitment, Regression Model.

Introduction

To enhance the productivity and performance of organization, managers should understand the employee attitude and their behaviours. Organizational commitment of employee portrays the attachment towards their organization. Now, the firms are keen to create comfortable, learning, and suitable working environment to enhance employee performance and job satisfaction, decrease their turnover and absenteeism, as well as to improve involvement and attachment towards the organization.

Organization climate is the employee's perception towards the organizations' decision-making process, structure, compensation, development opportunity and rule setting environment. The factors within organization which may have impact on employee and staff. These factors constitute the climate of the firm. This environment has an impact on performance, operation, and culture of the organization. Organizations rely on effective and efficient human assets for their growth. The organization must provide an optimistic, encouraging atmosphere which could enhance commitment and attachment of employee towards the organization. Behaviour and performance of employee is the outcome of their personal traits along with the workplace environment.

Simply, organizational climate is the sum up of employees perceived work environment. Cooil et al. (2009) argued that there are variety of organizational climate constructs available in the previous literature in which there is lesser amount of settlement about the constitutes of climate. Sparrow and Gatson (1996) focused that climate as shared perception of employee about the organizational functioning, procedures, and policies. The aspects included in this research as an organizational climate are Roles and Responsibility, Respect, career development, communication, decision making and Training & Development. According to Herscovitch and Meyer (2002) organizational commitment as the level to which employee

recognize goals and objectives of organization as their own and willing to make effort to grow. Bateman and Strasser (1984) has described commitment multidimensional construct relating to employees' devotion, loyalty, readiness to employ effort, have the desire to be part of organization and congruence of organizational goals and values.

Literature Review

Organizational climate have nine key dimensions: Organization Structure which indicates the level of formalities adopted by the organization and the extent of rules and regulations to be followed by the employee; Responsibility is the accountable feeling of the employee about the delegated duties; Risk that shows extent the organization emphasize attitude of risk advocacy vs. risk averseness, Reward that refers to promotion and rewards to deserving employees, Warmth indicate whether the organization is lenient or strict and tense; Support means emphasizing mutual support among the colleagues; Conflict depict the extent to which a managers are open for different opinions instead of avoiding it; Standards are the importance of performance standards and lastly Identity which pertains feeling of employee to be a part of organization. (Litwin and Stringer, 1968).

Mercer and Bilson (1985) argued that a significant positive relationship exist between satisfaction, activities (organizational climate) and with the commitment.

El-Kassar, 2010 demonstrated that in a learning organization, the leadership dimension and individual characteristics improves due to the structural climate. Organizational climate can prompt creativity and productivity of employee. (Litwin and Stringer, 1968).

Ferris et al. (1998) validated that climate have positive implications on behaviour and attitude of employee. Apart from that it affects the individual and organizational performance.

Abeyrathna et al (2019) conclude that IT background of employee, IT infrastructure and IT knowledge management have the critical role in the inducing the employee's organizational commitment.

Rožman et al (2019) in their research used organizational climate components as leadership, employee relations, employee commitment, employee satisfaction and employee motivation and inferred that each component of organizational climate have positive significant impact on work engagement of employees.

Rameshkumar (2019) evident that employee engagement as strongest predictor for the commitment among the Indian seafarer officers. The study confirms that engagement is positively associated with normative and affective commitment but not significantly associated with continuance commitment.

Shankar Chelliah et al (2015) confirmed that job satisfaction, involvement and perceived organizational support of employees have higher level of commitment by affective and normative as compare to and continuance commitment.

Berberoglu (2018) suggested that climate as important factor to increase the commitment of employees and perceived organizational performance.

Simola 2011 confirmed that organization which gives good career opportunity, employee illustrate more affective commitment. Normative commitment and social responsibility as organizational characteristic are positively associated. (Simola, 2011).

In the study by Sishuwa (2020) investigated major factors influencing employee retention, found that retention was influenced by job satisfaction, organizational commitment, and workplace structure.

Fu (2020) reported that ethical behaviour and caring climate have high significant positive impact on organizational commitment as well as all three dimensions of commitment. Independence climate had no impact on overall commitment.

Bodjrenou et al (2019) in their research identified that lot of study has been done in the western context on the organizational commitment rather than other part of the world. They concluded that instead of broadly categorizing the antecedents of organizational commitment into individual and organizational factor one need to focus on the external factor or environmental dynamics. The study impact of demographic factor and organizational commitment, it showed that Age, education, tenure, and job position have separate significant contribution on employee's organizational commitment. Tenure (i.e., number of years in the organization) have the highest influence on the commitment.

Through extensive review, researcher get the insight that effect of climate on job satisfaction, productivity, performance and commitment but fails to identify effect of different dimensions of climate on three types of commitment with respect to IT sector employees of India. This paper aims to investigate the relationship between the organizational climate and the employee's commitment and to examine the extent of the relationship between each of the dimensions of the climate and the three types of commitment.

Objectives of the study

- To study perception of employees towards organisational climate.
- To identify difference in the level of commitment with respect to factors like age, gender, experience of respondents.
- To study relation between organisational climate & commitment of employees towards job.

Hypothesis of the study

There is a significant positive relationship between organizational climate and various aspects of employee commitment.

There is significant impact of different components of organizational climate on employee commitment.

Conceptual Model

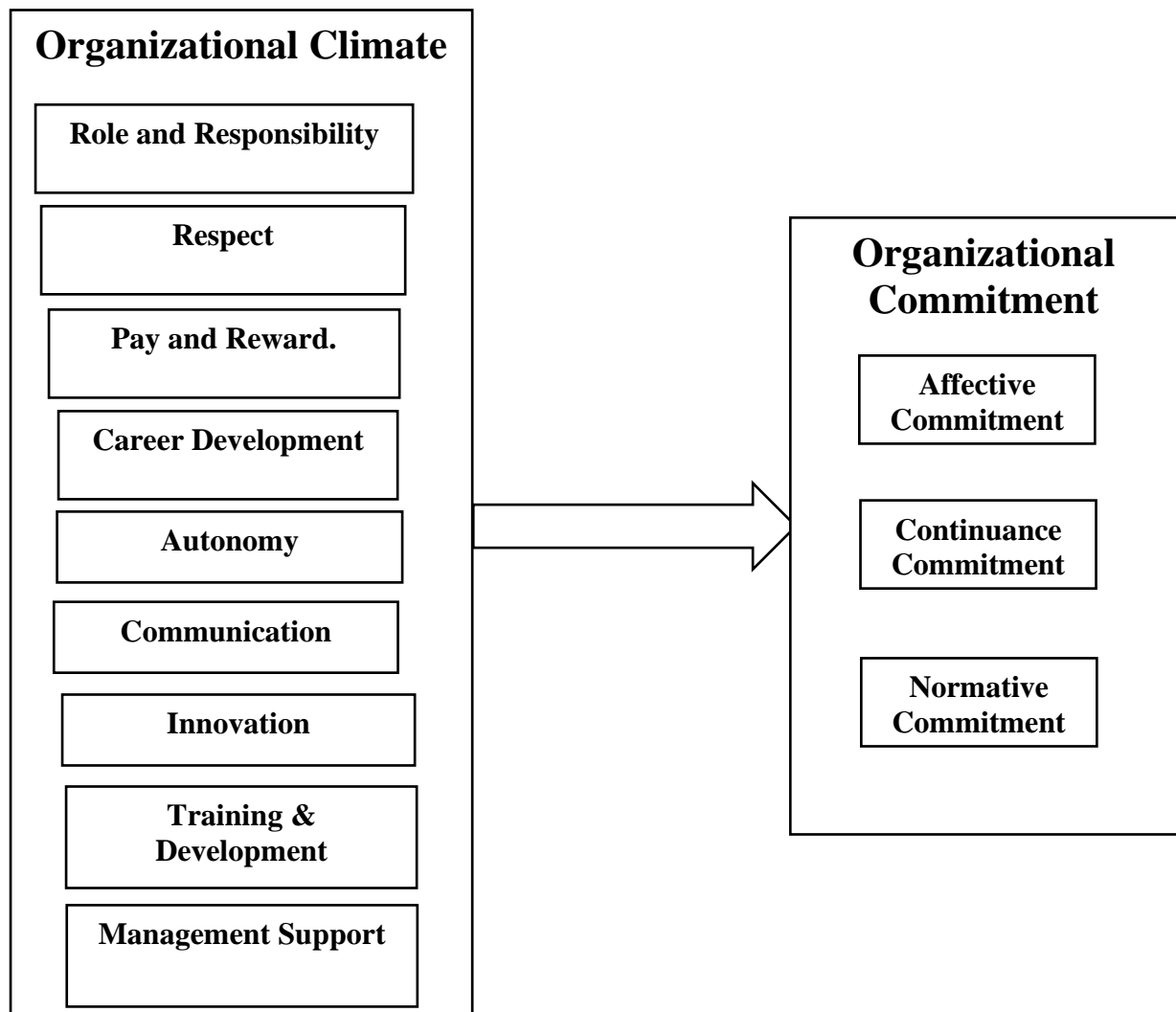


Figure 1: Impact of Organizational Climate on Employee

Research Methodology

The present study is descriptive in nature. Employees working in IT firms in Pune have been selected as respondents for the sample. Total 368 questionnaires were distributed among the IT employees, out of which 236 employees returned the filled questionnaire. Convenience sampling method is adopted for selecting the respondents. The questionnaire has three parts. The first part contains the demographic information of respondent. Second part contains organizational climate, and third part is about employee commitment which is designed based on the literature review, and previous studies (Alhaider, 2006; Melhem, 2006). The measure of Organizational Climate includes 27 items and 9 dimensions, namely Role and responsibility, respect, pay and reward, career development, autonomy, communication, innovation, training & development, and management support. To measure employee commitment, Meyer, and Allen's (1991) three-component model of organizational commitment has been used. Three components of organizational commitment are Affective

Commitment (AC), Continuance Commitment (CC) and Normative Commitment (NC). This questionnaire has 9 items with three dimensions of organizational commitment. The statements were formed on five-point Likert scale Strongly Disagree to Strongly Agree.

Results and Discussion

1. Reliability Analysis

Table 1: Reliability Indices of Organizational Climate and Commitment.

Scale	Number of Items	Cronbach's Alpha
Role and Responsibility	03	.893
Respect	03	.902
Pay and Reward	03	.771
Career Development	03	.724
Autonomy	03	.914
Communication	03	.815
Innovation	03	.768
Training and Development	03	.765
Management Support	03	.843
Overall Organizational Climate	27	.812
Affective Commitment	03	.839
Continuance Commitment	03	.832
Normative Commitment	03	.896
Overall Commitment	09	.902
Overall		.854

Cronbach's Alpha coefficients for the organizational climate dimensions are in a range of 0.765 to 0.902; for organizational commitment on 3 dimensions ranges from 0.832 to 0.896. The Cronbach's Alpha coefficient of overall Organizational climate was 0.812 and for organizational commitment 0.902. All the Cronbach Alpha indices indicate that data has satisfactory reliability.

2. Descriptive Statistics

Table 2: Descriptive Statistics of dimensions of organizational climate. (Perception of Organization Climate)

Dimension	N	Mean	Std. Deviation
Roles and Responsibility	236	3.7500	.55420
Respect	236	4.1389	.54263
Pay and Reward	236	4.0000	.89443
Career Development	236	3.9722	.81015
Autonomy	236	4.0278	.90982

Communication	236	3.7222	.84890
Innovation	236	4.2778	.88192
Training and Development	236	4.0278	.90982
Management Support	236	3.8889	1.14087
Overall Organizational Climate		3.9704	.62730

Source: Primary Data

From the above table of descriptive statistics showed that overall organizational climate mean extended (3.9704). This indicates that IT employees are perceived to be happy with organizational environment. Among the organizational climate dimension, innovation practices scored the highest mean (4.2778). The second highest dimension of organizational climate was respect, with a mean of (4.1389).

Table 3: Descriptive Statistics of the dimensions of organizational commitment.

Dimension	N	Mean	Std. Deviation
Affective Commitment	236	3.8333	.96362
Continuance Commitment	236	3.7500	.95991
Normative Commitment	236	4.0139	.67067
Overall Organizational Commitment	236	3.8657	.80457

Source: Primary Data

Above table depicts that organizational commitment among the IT employees are in between 3.75 to 4.01. The mean of overall commitment was 3.8657. This indicates that employees have a good commitment for their organization.

3. Age, Gender and Experience wise Organizational Commitment

Table 4: Descriptive statistics of Gender wise organizational commitment

With respect to Gender Organizational Commitment				
Gender				
	N	Mean	Std. Deviation	Std. Error

Male	132	4.1021	.98119	.09812
Female	102	3.5657	.97683	.08376
Total	236	3.8657	.98008	.06380

Table 5: ANOVA

OC					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.603	1	1.603	1.673	.197
Within Groups	224.126	234	.958		
Total	225.729	235			

Source: Primary Data

From table 4 and 5, it indicates that level of organizational commitment won't change with respect to gender. Male and Female employee shows almost same level of organizational commitment.

Table 6: Cross tabulation of Age and Organizational Commitment

Age * Organizational Commitment Crosstabulation						Total
	1	2	3	4	5	
Age below 30	16	8	38	59	04	125
30 to 40 years	4	9	20	20	13	66
40 to 50 years	0	7	02	6	12	27
above 50	0	0	3	12	3	18
Total	20	24	65	97	32	236

Table 7: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	80.874 ^a	9	.000
Likelihood Ratio	84.691	9	.000
Linear-by-Linear Association	.397	1	.529
N of Valid Cases	236		

Table 7: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	80.874 ^a	9	.000
Likelihood Ratio	84.691	9	.000
Linear-by-Linear Association	.397	1	.529

Source: Primary Data

In the sample, about 53% respondents are of age below 30 years, 27% are of age between 30 to 40 years. Applying chi-square test independence for age and employee commitment indicates that there is significant association with both. It shows that with age level of commitment increases.

Table 8: Correlation Test to check correlation between Experience and Organizational Commitment.

Correlation			
		Current Org. Exp.	Organizational Commitment
Current Org. Exp.	Pearson Correlation	1	.246**
	Sig. (2-tailed)		.000
	N	236	136
Organizational Commitment	Pearson Correlation	.246**	1
	Sig. (2-tailed)	.000	
	N	236	236

**, Correlation is significant at the 0.01 level (2-tailed).

Above results shows that there is significant correlation between current organization experience and commitment. It indicates that as the employee serve more the level of commitment increases.

3. Correlation Analysis

Table 9 correlation between dimensions of organizational climate and commitment

Dimensions of	Organizational Commitment
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Organizational Climate	Affective Commitment	Continuance Commitment	Normative Commitment
Roles and Responsibility	.659*	.857**	.777**
Respect	.546**	.413*	.402*
Pay and Reward	.455**	.420*	.415*
Career Development	.369*	.283	.373*
Autonomy	.625**	.541**	.482**
Communication	.452**	.116	.175
Innovation	.581**	.483*	.411*
Training and Development	.561**	.488**	.388*
Management Support	.857**	.468*	.727**

* Significant at 0.05 level (2-tailed) **Significant at 0.01 level (2-tailed)

Source: Primary Data

The results of Table 4 indicate that continuance commitment has no correlations with career development and communication. Apart from this, normative commitment has no correlation with communication component of the organizational climate. All other dimensions of organizational climate have significant correlation with three components of commitment.

Table 10: Correlation between organizational climate and organizational commitment

Correlation			
		Organizational Climate	Organizational Commitment
Organizational Climate	Pearson Correlation	1	.782**
	Sig. (2-tailed)		.000
	N	236	136
Organizational Commitment	Pearson Correlation	.782**	1
	Sig. (2-tailed)	.000	
	N	236	236

** . Correlation is significant at the 0.01 level (2-tailed).

From above table it shows that there is significant correlation between organizational climate and commitment at 1% level of significance.

4. Regression Analysis

Table 11 Model Summary

Model	R	R Square	Adjusted R Square	Sig. F Change
1	.782a	.611	.603	.000

a. Predictors: (Constant), Roles, Respect, pay, career development, autonomy, communication, innovation, training, management support

Table 12 ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.658	8	2.707	73.174	.000a
	Residual	.999	27	.037		
	Total	22.657	35			

a. Predictors: (Constant), Constant), Roles, Respect, pay, career development, autonomy, communication, innovation, training, management support

b. Dependent Variable: Commitment

Table 13 Simple Regression Model

Model		Standardized Coefficients	Sig.
		B	
1	(Constant)	.490	.006
	Roles and responsibility	.220	.036
	Respect	.327	.002
	Pay	.232	.002
	Career development	.257	.000
	Autonomy	.014	.117
	Communication	.129	.029
	Innovation	.026	.763
	Training and Development	.501	.000

	Management Support	.346	.003
a. Dependent Variable: Commitment			

The statistical results of the multiple regression model, as shown in Table 4, indicate that coefficient of determination (R square) was calculated as 0.611, which means that dimensions of organizational climate explain 61.1% of the variation that occurs in organizational commitment. It indicates that there is significant effect of organizational climate on commitment. Roles and responsibility, Respect, Pay, Career development, communication, Training and development and Management support significantly affect the organizational commitment.

Conclusions and Recommendation

The present study examined the impact of organizational climate on employee commitment of Indian IT companies. Organizational climate was assessed with the help of nine dimensions. The results indicated that the Indian IT companies' climate is good and suitable as all its dimensions mean score were above the average.

The results support the hypotheses of the study. The findings indicate that the chosen independent and dependent variables have significant relationships. It was found that organizational climate had a positive effect on organizational commitment. 61.1% of the variation that occur in the commitment is explained by perceived organizational climate. As for other independent variables, age and tenure of employee have impact on level of commitment.

Organization should give attention on their environment. Organizational climate is an important attribute in contributing to the commitment of employees, which will enhance their loyalty and belonging.

Limitations and Future Research

As findings of the current study are based on self-report data that might create a bias in the study. This research referred particularly IT industry in India, so it is not possible to do the generalization of results to other industry.

This study concentrated only organizational climate as antecedent of employee commitment, future research may include other independent construct viz organizational support, organizational justice, employee engagement etc. As for the future study, longitudinal study would be suggested so employee commitment can be examined with the time and development stages employee.

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