Revisiting Organizational Climate: Conceptualization, Interpretation and Application

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Abstract

In this paper efforts were put to revisit one of the extensively studied organizational construct – organizational climate. Relevant studies have been reviewed to make generalizations from organizational climate literature. Mainly three issues were pursued in this endeavor (a) a precise discussion on conceptual genesis and theoretical development (b) interpretation of research findings with a frame of reference and (c) applications of climate research in contemporary business environment and future recommendations. To supplement these objectives and to make the construct more plausible literature were examined considering time frame perspective i.e. historical literature is referred for theoretical part; current researches are discussed for application part; and for interpretation purpose evidences are taken from recent decade’s available researches.

Key Words: Organizational Climate, Organizational Culture, Organizational Change, Innovation, Managerial and Organizational Performance.
1. Problem Statement

Organizations have been constructing the basis for the socio-economic development of society by providing needed goods and services. To realize sustainable socio-economic development, organizations need to be productive and competitive. Contemporary business environment which is featured with globalization, accelerated product life cycle, growing complexity of relationship with stakeholders, scarcity of resources, multiple organizational formats and intensified competition have been pushing organizations to align the equity with the available resources to boost competitiveness (Wisner and Corney, 2001). It is widely accepted that organizational competitiveness largely depends on human resource of an organization as employee’ behaviors and actions principally transmit organizational objectives into realities. Considering the fact that human resource is the most essential mean of achieving the organizational objectives, behavioral scientists have proposed a number of workplace practices and interventions to improve employee outputs. To name a few are training and development programs, performance management practices, practices which aimed to improve interpersonal dynamics and so on. We seek to propose organizational climate as an intervention to improve work related aspects.

Much emphasis was put on organizational climate research not only historically but in contemporary organizational writings too, and accumulation of research on it reflects its importance. But, is extant literature reasonably enough to propose organizational climate as an organizational intervention that can be applied to generate organization specific behaviors. Excerpts from information processing theory/cognitive theory overwhelmingly maintain this assumption. Cognitive and interactive stream of psychology is endowed with a hypothetical support that human behavior is a function of both environmental and personality characteristics and denies the primacy of either traits or situations in the determination of responses (Ostroff,
1993; O'Reilly, 1991; Roberts et al, 1978; Schneider, 1983). The interactive and cognitive process which exists between individual and environmental attributes consequently shapes an individual’s perception and further gives a psychological meaning to environmental attributes. And in organizational context, the individual-organizational interaction has been identified as a key determinant of behaviors (Bamel et al., 2013).

Despite the augmented literature and heavy appearance in organizational writings which substantial put organizational climate as critical element, climate research attracted many criticisms too i.e. related to theoretical developments, level of observations and analysis, reliability, validity, difference between climate and culture, and generalizations etc. These critics sometime might generate certain confusions related to implication and generalization part of research findings. Therefore, in present paper efforts have been put to minimize these confusions by presenting and incorporating different theoretical and conceptual aspects of organizational climate, interpreting different research findings and suggesting certain application of it in present environment. We also addressed the question of similarities and difference between climate and culture. In addition, we also discussed accessible and available related Indian studies to see if they are in line with the global trends. Certainly some earlier research (for example Woodman and King, 1978 had examined the fallacies such similarities and differences between perceived and objective measures of climate, whether climate measures assess attributes of organizations or people, and whether climate is a manipulated appearance of some other organizational constructs; in Glick, 1985 had explicitly detailed on level of observation and analysis, dimensions and determinant of climate) had endeavored to resolve few of these issues but those studies hardly succeeded in addressing all concerns and more they are to dated.
2. Organizational Climate (OC): Conceptualization

Genesis

Early in the mid of last century Lewin (1951) proposed field theory which for the first time discussed about OC. According to field theory, behavior (B) is a function of both the person (P) and the environment (E); i.e. B = f (P, E); (Lewin, 1951). Thereafter, OC had frequently appeared in scholarly work (Hellriegel and Slocum, 1974; Schneider, 1975; Schwartz and Davis, 1981; Joyce and Slocum 1984; Ashforth, 1995; Denison, 1996) and has been defined from different perspectives. James and Jones (1974, p. 1110) referred to climate as individual attributes, namely the intervening psychological process whereby the individual translates the interaction between perceived organizational attributes and individual characteristics into a set of expectancies, attitudes and behaviors, etc. Jones and James (1979) understood OC as the overall meaning derived from the aggregation of the individual perceptions of a work environment. Kopelman et al. (1990: p. 294) defined climate as psychologically meaningful descriptions of contingencies and situational influences that individuals use to apprehend orders, predict outcomes and gauge the appropriateness of their organizational behaviors.

Regardless of its heavy presence in academia, the term had failed to secure a common definition. Ashforth (1995 p. 837) out rightly supported the view and argued “a precise and widely shared definition of the climate construct does not exist”. Similarly, disconformities are also observed about the set of dimensions/factors of OC. Despite this inconsistency, all the definitions and metrics have two general commonalities i.e. perception of the surroundings and role of these perceptions in guiding individual’s course of action. This assumption is universal accepted which is supported by the following statement of Ashforth (1995 p. 837):
“...OC can be defined as a shared and enduring molar perception of the psychologically important aspects of the work environment”.

Hence it is noteworthy to conclude that although different OC definitions and metrics differ yet they are based on a single underlying assumption viz. environment and its value based description. Thus, OC primarily considers workers’ perceptions of the essential organizational features such as events, policies, practices & procedures, good working relations, autonomy, psychological empowerment, social support, pride, respect, supervision and perceived stress and so on (James and Sells, 1981). The cognitive representations of organizational features give psychological meaning and significance of these features to the employees and shape their attitudes and behaviors which are rewarded and supported by the organization (Weick, 1995). The notion of psychological meaning underlies the subjective meaning of OC and correlates the cognition to descriptive valuation. This discussion concludes that OC provides a mediating instrument by way of which organizational characteristics influence and guide its members’ attitudes and behaviors.

Historically, the research on climate started at the individual level. Subsequently the concept of OC emerged as shared perception among the members of the organization was emerged (Tordera et al., 2008). Lewin (1951) was the first who discovered an important link between people and their environment ‘atmosphere’ or ‘climate’ as it (climate) persuades person’s motivation and behavior. Ensuing scholars described OC as the environment within which employees are expected to operate and this environment influences their behavior (Argyris, 1958; Foreland and Glimmer, 1964). Later on, many scholars (Payne and Pugh, 1976; Schneider and Reichers, 1983) tried to identify the way as to how climate is formed in organizations and their research divulged a theoretical framework of three broad groups - objectivist, subjectivist and interactive. The
objectivist (Payne and Pugh, 1976; Schneider and Reichers, 1983) believes that OC is created and influenced by the actual identifiable characteristics, properties and conditions of the organization such as organizational structure, size, hierarchies, technologies, decision making processes, degree of centralization and formal rules and policies. On the other hand subjectivist (James and Jones, 1974; Schneider, 1983; Schneider and Reichers, 1983) thinks that organizational members’ responses, interpretations and their perceptions regarding organization’s characteristics, properties and conditions interact to form observable OC. Whereas, interactive perceptive (Ashforth 1995; Moran and Volkwein, 1992) argues that OC is the product of the interaction that occurs among organizational members in order to understand the organization. The said interaction gives meaning and develops a shared agreement with regards to organizational characteristics, properties, conditions and realities.

The theoretical framework of climate formation perspectives i.e., social construction (objectivist), general psychological climate (subjectivist) and multiple stakeholder (interactive); encompasses a wide range of organizational factors that can potentially shape and change an organization’s climate. The objectivist perspective considers OC as attribute of the organization whereas the subjectivist perspective considers OC as an attribute of the individual perceiving the organization and the interactive perspective recognizes the interaction between objective conditions and subjective awareness. All three perspectives, however, suggest that OC involves and is influenced by the interaction of the organization and its members. This integrated expression of organization influences the attitude, motivation, behavior and performance of employees at work place (Hemingway and Smith, 1999). Social exchange theory (Blau 1964: if employees perceive that the organization is concerned for their well-being, they will develop an
implicit obligation to reciprocate by carrying out relevant job-related behaviors) also supports this view that positive exchanges lead to enhanced worker motivation and performance whereas negative exchanges lead to increased work-related stress, reduced motivation and a greater tendency to quit.

*Climate and Culture*

Although some writers often cited the terms interchangeably (Schneider, 2000), organizational climate and organizational culture are two distinguish terms and have been discussed independently. Inconsistency exists in scholars’ opinion whether climate and culture are distinct (Glisson and James, 2002; Schein, 2000) or have common characteristics (Denison, 1996). Organizational climate as described in the literature is the aggregate psychological meaning (James et al., 2008) of individual and it is not necessary that agreement exist among individuals’ perception, moreover, this perception remains a property of an individual. Contrary, organizational culture is defined as the shared beliefs, values, norms and behavioral expectations in an organization (Cooke and szumal, 1993), and these values and norms are often referred as product of group dynamics but not as property of an individual. Dension (1996) differentiated climate and culture on the basis of methodology used and asserted that in order to gauze the organizational culture scholars relied upon qualitative techniques whereas quantitative techniques are applied frequently for climate research. Sleutel (2000) also opined the same. Chan (1998) differentiated the organizational climate and organizational culture on the basis of measurement of dimensions. He (Chan, 1998) presented a ‘typology of elemental composition’ and concluded that climate measurement considers individual while collective responses are required to examine organizational culture.
The primary difference between culture and climate is that culture focuses upon shared values and assumptions, whereas climate focuses on the perceptions those may or may not be shared. Organizational climate is only confined to workgroup however; organizational culture can be related to workgroup, department level as well organizational level. Extending this discussion, Schein (2004) viewed that organizational climate is less stable as compared to organizational culture and could be changed with modification of practices and procedures. Another distinction between climate and culture is that they explain different level of abstraction. Both, climate and culture can be differentiated on a number of parameters namely epistemology, point of view, methodology, concern and discipline. Epistemologically culture describes context, considers perception of subject, uses qualitative approach, concerns for values and assumptions and been categorized as a subject of anthropology or sociology. In contrast concept of climate is studied in comparative way, researcher’s opinion dominant over native, can be examined by using quantitative methods, focuses on the consensus of perceptions and remains in the subject domain of psychology.

This discussion invariably evidenced that organizational culture and organizational climate are inseparable and are overlapped, but at same juncture certain distinctions are also listed between both. Reichers and Schneider (1990) referred organizational climate as manifested and visible part of the organizational culture. Added to this, Glisson and James (2002) illustrated that organizational climate and culture both are related to work attitudes, perceptions and behaviors of individual within organization but also provided evidences that both are separate. Schein (2004) also agreed and viewed organizational climate as small part of organizational culture. In nutshell climate is a manifestation of culture.
3. Organizational Climate: Interpretation

Since, Lewin’s conceptualization of OC scholars has devoted considerable efforts in studying OC in varied context. Much of the research work on OC was aimed to assess the content of environmental attributes, its cognitive evaluation; its value based description, as well as association of its descriptive meaning with individual’s behavior at work place. The valuation of environmental attributes and its relationship with employees’ work outcomes remained the focal point of these studies (Burke et al., 2008; Chan, 1998; James and James, 1989; Lazarus, 1984; Schneider and Bowen, 1993).

Two prominent trends were observed in the work on OC. Foremost, OC literature can be clustered in three perspectives. I Social constructionist perspective or “climate for something” {climate for something includes but not limited to, OC for bullying (Vartia, 1996), OC for creativity and innovation (Ekvall, 1996), OC for diversity (Kossek and Zonia, 1993), OC for organizational trust (McKnight and Webster, 2001), OC for safety (Flin et al., 2000), OC for learning (Rouiller and Goldstein, 1993), and so on}. II General psychological climate perspective {general psychological climate perspective refers to the dimensions related to role, job, autonomy, leadership, support and work group cooperation, clarity, harmony, justice challenge, independence, recognition & responsibility and work facilitation (Carr et al., 2003; James and James, 1989; Locke, 1976; Payne and Pugh, 1976)}. III Multiple stakeholder perspective (Burke et al. 2008, Piaget 1970; 1974). The second parameter is focused on work outcomes i.e. individual related work outcomes {burnout, employee attitudes, psychological well-being and motivation (Lawler et al., 1981; Litwin and Stringer, 1968; Payne and Pugh, 1974), performance (Evans and Davis, 1995; Judge et al., 2000); job involvement (Brown and Leigh, 1996), job satisfaction (Schneider and Snyder, 1975), turnover (Griffith, 2006) organizational citizenship
behavior (Organ et al., 2006; Moorman, 1991) and group/organizational related outcomes {customer satisfaction and financial performance (Schneider and Bowen, 1993) and safety (Zohar, 2000)}. Two notable meta analytic studies by Parker et al. (2003) and Carr et al. (2003) overwhelmingly concurred with the said trends in OC literature. These research traditions provide a framework for analyzing the contemporary researches of OC. Table 1 presents the accessible and relevant work in a systematic way.

Table 2 discussed some contemporary and significant work on OC considering the parameters identified from the earlier prominent efforts. These studies have been addressed and measured on the nature and research design, orientation or perspective and level of outcomes. The critical review unfolds that much of the work (Fey & Beamish, 2001; Rogg et al., 2001; Gray et al., 2001; Peterson, 2002; Koene et al., 2002; Smith-Crowe et al., 2003; Baer and Frese, 2003; Tan et al., 2003; Wei and Morgan, 2004; Montes et al., 2004; Montes et al., 2004; Patterson et al., 2005; Bock et al., 2005; Lim & Morris 2006; Schulte et al., 2006; Burke et al., 2008; Rodríguez et al., 2008; Ngo, 2009; Schyns et al. 2009; Imran et al., 2010; Luthans et al. 2008; Kaya et al., 2010; Wang and Rode, 2010; Chen et al., 2010; Cohen and Keren, 2010; Jing et al., 2011; Li et al., 2011; Hunter et al., 2011; Zhang and Begley, 2011; Chen et al., 2012; Von Treuer and
McMurray, 2012; Yoo et al., 2012; Sharma and Gupta, 2012; Hassan and Rohrbaugh, 2012; Bamel et al., 2013; Kuntz et al., 2013) based on empirical and quantitative research design.

With respect to the perspective these studies approximately equally relied on social constructionist (Peterson, 2002; Smith-Crowe et al., 2003; Baer and Frese, 2003; Tan et al., 2003; Grojean et al. 2004; Montes et al., 2004a; Montes et al., 2004b; Bock et al., 2005; Arvidsson et al., 2006; Lim & Morris 2006; Dawson et al., 2008; Burke et al. 2008; Luthans et al. 2008; Imran et al., 2010; Wang and Rode, 2010; Hunter et al., 2011; Chen et al., 2012; Von Treuer and McMurray, 2012; Yoo et al., 2012; Sharma and Gupta, 2012; Kuntz et al., 2013); and general psychological climate perspective (Fey & Beamish, 2001; Gray et al., 2001; Koene et al., 2002; Burton et al., 2004; Patterson et al., 2005; Schulte et al., 2006; Griffith, 2006; Hunt and Ivergard, 2007; GouldWilliams 2007; Haakonsson et al., 2008; Rodríguez et al., 2008; Schyns et al. 2009; Chen et al., 2010; Cohen and Keren, 2010; Kaya et al., 2010; Li et al., 2011; Hassan and Rohrbaugh, 2012; Bamel et al., 2013), while multiple stakeholder perspective has been given little attention comparatively (Rogg et al., 2001; Chen & Huang, 2007; Ancarani et al. 2009; González-Romá' et al. 2009; MacCormick and Parker, 2010; Ribeiro-Tupinamba and Castro, 2011; Zhang and Begley, 2011). This implies that two perspectives i.e. ‘climate for something’ and ‘general psychological climate’ have been prioritized by the scholars over ‘climate for multiple stakeholders’.

The next important revelation of this examination was that the individual related work outcomes remained at the focal point of the studies (Peterson, 2002; Smith-Crowe et al., 2003; Montes et al., 2004ab; Bock et al., 2005; Arvidsson et al., 2006; Burke et al. 2008; Luthans et al. 2008; Imran et al., 2010; Griffith, 2006; Hunt and Ivergard, 2007; GouldWilliams 2007; Haakonsson et
al., 2008; Schyns et al. 2009; Kaya et al., 2010; Wang and Rode, 2010; Li et al., 2011; Hunter et al., 2011; Chen et al., 2012; Von Treuer and McMurray, 2012; Yoo et al., 2012; Hassan and Rohrbaugh, 2012; Bamel et al., 2013; Kuntz et al., 2013). However, organizational related outcomes were also given due consideration (Fey & Beamish, 2001; Rogg et al., 2001; Gray et al., 2001; Koene et al., 2002; Baer and Frese, 2003; Chen & Huang, 2007; Rodríguez et al., 2008; Jing et al., 2011; Ancarani et al. 2009; Cohen and Keren, 2010; MacCormick and Parker, 2010; Sharma and Gupta, 2012; Griffith, 2006).

Another interesting trend which observed was that the social constructionist (Arvidsson et al., 2006; Dawson et al., 2008; Burke et al. 2008; Luthans et al. 2008; Imran et al., 2010) and general psychological climate perspective (Schulte et al., 2006; Griffith, 2006; Hunt and Ivergard, 2007; GouldWilliams 2007; Haakonsson et al., 2008; Schyns et al. 2009) researches have assessed and validated the association of environmental attributes with individual related outcomes whereas multiple stakeholder perspective researches (Chen & Huang, 2007; Ancarani et al. 2009; MacCormick and Parker, 2010) assessed the function of environmental attributes on group/organizational related outcomes.

**OC research in India**

Given the glaring functions of OC on individual, group and organizational related outcomes, Indian scholars also studied OC as a determinant of work related outcomes. Previously, scholars like Ansari (1990), Ansari and Kapoor (1987), Pareek (1987), Pandey and Vohra (1984), Shankar et al., (1994), Sinha (1980), Sinha (1983) have assessed the causal relationship of OC with employees’ behaviors and attitudes. This reiterated the relevance of OC in the Indian context. Contemporary scholars have also been putting their efforts to draw upon the
understanding of OC. Joseph et al. (1999) followed the social constructionist approach and studied OC as a determinant of the total quality management process. Similarly, Elankumaran (2004) asserted OC as a predictor of job involvement. Asha (2008) studied the relationship of OC dimensions with employee health (i.e. physical and emotional distress). Mahal (2009) studied OC as a determinant of employee motivation. Biswas (2010a) considered psychological climate as antecedent of organizational effectiveness. Adding to this Biswas (2010b) also studied psychological climate as predictor of organizational citizenship behavior. Following to this, Mohan and Ashok (2011) established that OC significantly predicts job attitude of teachers. Likely, Joseph and Jacob (2011) reinforced that OC has a positive consequence on employee’s knowledge sharing attitude. Rodrigues and Gowda (2011) concluded that OC positively leads to job satisfaction of library professionals.

On the basis of ongoing discussion, it is pertinent to mention that Indian studies also adopted the same parameters that were adopted across the globe and examined as an antecedent of employees’ work related outcomes. Secondly, Indian scholars also preferred quantitative and empirical research design in studying OC. Next, these studies also fall in the three said perspectives i.e. social constructionist, general psychological climate and multiple stakeholders. One interesting observation is that globally both the individual and organizational related outcomes were considered equally whereas in Indian context the individual related outcomes captured the attention of scholars.

4. Organizational Climate: Application

On application level, organizational climate has been tested considerably. Evidences from literature suggest multiple applicability of construct in workplace settings across the levels i.e. individual, group and organizational. Either considered as general or domain specific construct
central to most if not all such researches is its linkage with organizational performance and competitiveness. In this section we comprehensively discuss few applications of organizational climate those may be understood as most prominent application of climate in Indian context. Features of Indian business environment such as globalization of Indian businesses, allowing FDI in restricted sectors, technological changes, mergers & acquisitions, growing domestic as well global markets, concept of customization ask Indian organizations to take actions to these forces swiftly. Organizational change and unconventional work practices could be best approaches to respond to these changes effectively.

*Climate and Organizational Change*

Changing societal and environmental issues have been pushing Indian organizations to adapt these changes, failing which organizations will be certainly trampled (Friedman et al., 2005). The ability of an organization to change in response to environment largely decides its performance/competitiveness (Friedman et al., 2005; Lawler and Worley, 2006), and positive organizational climate enhances this ability of an organization to adapt and to respond to uncertain changes. The organizational climate literature (Litwin and Stringer, 1968; McClelland, 1961; Fey & Beamish, 2001; Wei and Morgan, 2004; MacCormick and Parker, 2010; Yoo et al., 2012; Sharma and Gupta, 2012) speculates that climate correlates to organizational change due to its influence on peoples’ motivation, thoughts and behaviors. Changes in organizations are linked with the changes in the psychology of organizational members. The feelings, beliefs and perceptions of organizational members regarding their organizations clearly affect their psychology and these perceptions about policies, practices, procedures and routines in organizations are simply termed as organizational climate. For example, by introducing a reward
system expected changes can be achieved. Kotter (1995) posits that many transformational changes failed due to the absence of effective leadership that would have provided employees a clear vision, direction and reason for change. Senge et al. (1999) also viewed in same tone that one of the major challenges of changing organizations on a small or large scale is employees’ perception of responsibility. Ongoing discussion reinforces the association of organizational climate and organizational change. Hence, it is more desirable to recognize the significance of organizational climate in predicting organizational change.

**Climate and creativity & Innovation**

Daft (1978) refers organizational innovation to “the adoption of an idea or behavior that is new to the organization adopting it” and managers’ decisions to adopt unconventional ideas/practices and behavior virtually promote innovations (Damanpour, 1991; Irwin et al., 1998; Rogers, 1983). Organizational climate ‘within which members recognize the desirability of innovation and within which opportunities for innovation arise and efforts toward innovation are supported’ can primarily be considered as a precursor of innovation (Zmud, 1982). Damanpour et al (1989) supported this view and enlightened that perception and behavior of the organizational members are crucial for the adoption of innovation. Damanpour (1991, 1992) further depicted that organizational size and slack generally exhibit a positive association with adoption of innovations. Nystrom et al. (2002) examined three known climate dimensions - risk orientation, external orientation and achievement orientation and proposed a model that an organization’s size, age and the availability of slack resources will directly influence its innovativeness. Many other studies (Abbey and Dickson, 1983; Amabile and Conti, 1999; Baer and Frese, 2003; Damanpour, 1987; Glick, 1985; Montes et al., 2004a; Patterson et al., 2005; Arvidsson et al,
5. Conclusion

Conclusively, we may infer that climate research basically focused on examining organizational features (events, objects, processes and structures) and their subjective interaction with workers. As Mandler (1982) suggested that the subjective interaction of organizational features and members ignites information processing in human minds and leads to the judgmental appraisal or valuations of surroundings (events, objects, processes and structures). This cognitive phenomenon ultimately drawn a value based description of surroundings i.e. significance and meaning of organizational features to individual (James and James, 1989) and moderate employee behavior accordingly. Research on climate has been accumulating by considering this sense only and it has been demonstrated as important predictor of many work related constructs i.e. job satisfaction, safety, creativity, perceived learning and transfer of training, taking initiatives, reporting bad news, ethics, knowledge sharing, employee turnover, organizational change and so on.

From Implication perspective, climate appears to provide managers a potent means to influence employees’ behaviors. Fundamental premise of climate research is that situational and organizational factors have significant influence on employee behaviors and attitudes. This implies that climate can be used as means to improve the likelihood of desired employee behaviors. There is indictment about generic nature of i.e. it can be used single handily to generate commonly desired workplace outcomes; though at same time there are enough evidences which projected it as specific instrument to generate/motivate specific behaviors.
Either in generic form or in specific form climate always assists management in developing healthy workplace. Other attributes of climate such as need based characteristics; need based tenure; ease of applicability make it more plausible organizational intervention which may consider a strategic partner of the firms.

References


