

Determination Of Organisational Communication Climate In Indian Banking System.

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”Climate” can be defined as the “relatively enduring quality of the internal environment of the organization that (a) is experienced by its members, (b) influences their behavior, and (c) can be described in term of values of a particular set of characteristics (or attributes) of the environment” (Taguiri R., 1968). The climate, thus sets the atmosphere in the organization that either encourages or discourages communication. Organizational climate is the process of quantifying the “culture” of an organization, it precedes the notion of organizational culture (Reichers, A.E. Arnold Schneider, B., 1990). It is a set of properties of the work environment, perceived directly or indirectly by the employees, that is assumed to be a major force in influencing employee behavior (Gurpreeth Randhawa, Kuldeep Kaur, 2009).

Communication is one of the important variables, held responsible for rise and fall, success and failure, progress and regression of any organization (Hallahan K., 2007). Hence, an ideal communication climate is a must in an organization. The Organisational communication climate is determined by communication flow, which in turn is determined by kind of governance. Hence all these are closely associated.

The concept of “an ideal communication climate” was hypothesized by Redding, 1972. He put forward certain dimensions such as: (1) participative decision making (2) supports (3) trust, confidence and credibility (4) openness and candor; and (5) high performance goals. These are, the foundations of organizational system. Communication climate has been treated separately from other climates in the organization, such as motivational climate or achievement climate (Poole, 1983). The management plays a primary role in the enhancement of the communication climate in an organization. Every successful team contains supportive environments that promote free and open communication and worker participation. Whereas, the organization with defensive climates include employees who make only guarded statements and keep their views to themselves. The employees in such climates suffer from reduced morale. Therefore, for the establishment of a collaborative communication climate, the presence of effective communication is a must.

I. Review Of Literature

Koushik Kundu (2007), tried to make an analysis of the significant research works in Organisational Climate. The dimensions of Organisational Climate has been evolved by dividing the approaches into three. The idea considered, shared individual perceptions of the work environment and also considers the influences like technology, demographics, etc.

Maribeth Kuenzi (2008), sought to review, reorganize, and reintegrate the climate literature. The study proves that the literature does not retain a quality instrument for assessing the characters of the work climate of an organization. The results of the survey show that the device has internal reliability.

Sivakumar K., (2009), brought out the importance in the orientation of employees to better organizational climate and to improve their quality of work life and heighten job satisfaction. The study explains the orientation process which in the long run will be beneficial to the engagement regarding increasing the productivity.

Mathew K. Wynia, Megan Johnson, Chandra Y. Osborne (2010), examined communication climate enables one to obviate counterproductive communication patterns and understand the significance of effective communication. The study proved that organizational climate helps individuals reach both their own and organizations’ communication goals.

S.R. Clegg and J.R. Bailey (2011), received much attention in business practices and academic research. In this study, some current issues which were investigated were, the nature of climate, ways to study climate, determinants of organizational climate, managing and changing the climate and the climate - performance relationship.

Elsa Pena-Suarez, Jose Muniz, Angela Campillo Alvarez, Eduardo Fonseca Pedro and Eduardo Garcia Cueto (2012), states organizational climate are set of perceptions shared by the workers who use the same workplace. The vital goal of this study was to develop a new organizational climate scale and to determine its psychometric properties.

Benjamin Schneider, Arthur P. Brief, R.A. Guzzo (2008), provides a review of the organizational culture, literature and provides a useful perspective on some issues related to the study of organizational culture. According to the study, culture is about deeply held assumptions, meaning, and beliefs.

Abel Gok (2009), defined organizational climate as the collection and patterns of the environmental determinants of aroused motivation. Results from a survey indicate that compared to the global motivation constructs, the motivation provides a more robust description of the salesperson motivation-role perception performance.

Adeniji, Anthony Adenike (2011), examined the effects of culture and climate on job satisfaction and organizational commitment, but defined culture and the environment as a combined construct. The study has examined culture and climate as simultaneous predictors of work attitudes.

Cosimo Rota, Nikoloi Reynolds and Asare Zanasi (2012), opined the factors influencing the relationships between an employee and employer level in micro-level, as well as the effectiveness and performance of the organization as a whole in macro-level. The organizational climate plays at this moment a central role as a determinant of the organizational behavior and success.

RESEARCH GAP

Extensive literature review suggested that not much emphasis has been given on exhaustively Identifying the antecedents. Since communication climate within the organization is imperative in the bank environment is a pertinent issue, focused efforts need to be undertaken by business organizations in that direction. Dimensions and characteristics of banking employees were not rightly identified and studied. Literature review also revealed the absence of a holistic organizational communication climate. Another gap identified was the absence of such a study in the banking sector in India and worldwide. Hence it was decided to address these gaps in the scope of this study. The study has explored and established that organizational communication climate act as drivers and play an instrumental role in shaping employee attitudes, feelings and behavior.

II. Objective Of The Study

To analyze existing organizational communication climate in banks.

III. Hypothesis Of The Study

There is no difference among the factors of organizational communication climate.

IV. Research Methodology

Public and Private sector banks were studied to understand organizational communication climate. This study undertook the design of descriptive research. Once the theoretical framework was developed, the data collection procedure was planned and executed. For the current study, employees drawn from these two types of banks were studied.

Preliminary Exploratory Research

An exploratory pilot study for a sample size of four hundred respondents drawn from the banking sector was undertaken. This was used to test the reliability and validity of the scales used in the study. Some items with lower factor loadings and cross loadings were deleted after pre-testing. The pre-testing also asserted that there were no issues on the comprehensibility of the statements used in the questionnaire.

Multi stage random sampling was applied for generating data. Based on a pilot study, 680 questionnaires were distributed to the bank employees. The number of data collected after consistent follow up were 440 from various public and private sector banks in India, out of which 400 completed questionnaires were found usable. Therefore the total sample size for the study is 400.

V. Analysis And Discusiion.

Organisational Communication Climate represents a metaphor of the physical climate. Just as the weather creates a physical climate for a region, the way in which people react to aspects of the organization creates a communication climate. In other words, the communication climate is a composite of perceptions, a macro-evaluation of communicative events, human behaviors, responses of employees to one another, expectations, interpersonal conflicts, and opportunities for growth in the organization.

The researcher had desired to analyze the factors responsible for organizational communication climate practices in commercial banks. After reviewing national and international literature researcher identified 50 variables pertaining to strategic management. The reliability of all the 50 variables is measured through Cronbach Alpha Method and their existence over normal distribution is measured through KMO and Bartlett's Test.

Table – 4.12
Kmo And Bartlett's Test For Organisational Communication Climate

Cronbach's Alpha	No. of Items
.619	50

Source: Computed data

From the above table it is found that the 50 variables expressed the Cronbach's Alpha values 0.619 which implies that those 50 variables exhibit the variance 61.9 % variance which is more than sufficient for the benchmark value. This shows that the 50 variables are highly reliable and suitable for the data reduction process after the verification of sampling adequacy and normal distribution. The KMO Bartlett's Test is applied to all the 50 variables and the following results are obtained.

Table – 4.13
Kmo And Bartlett's Test Of Sphericity For Organisational Communication Climate

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.889
Bartlett's Test of Sphericity	Approx. Chi-Square	9068.253
	Df	1225
	Sig.	.000

Source: Computed data

From the above table it is found that KMO measures of sampling adequacy is 0.889, Bartlett's Test of sphericity with approximate Chi square value is found to be 9068.253 which is statistically significant at the 5% level. Therefore, it can be concluded that all the 50 variables satisfy the normal distribution and more suitable for factor extraction process.

5.1 FACTORS OF ORGANISATIONAL COMMUNICATION CLIMATE

The impact of organizational communication climate in the organization in the public sector banks and private sector banks is measured in this thesis empirically. The number of factors derived out of the 50 variables is represented in the following total variance table. The results regarding the impact of organizational communication climate on the 10 factors derived, are presented below.

Table – 4.14
Total Variance Of Factors Of Organisational Communication Climate

Sl.No.	Factors	Rotation Sums of Squared Loadings		
		Total	% of Variance	Cumulative %
1.	Job Satisfaction	6.151	12.301	12.301
2.	Managerial Effectiveness	4.700	9.400	21.701
3.	Motivation Of Employees	4.693	9.386	31.087
4.	Implementation Strategy	2.399	4.798	35.885
5.	Creativity and Innovation	2.012	4.024	39.909
6.	Organisational Values	2.009	4.018	43.927
7.	Organisational Culture	1.773	3.546	47.473
8.	Management System	1.673	3.347	50.820
9.	Leadership Style	1.505	3.009	53.829
10.	Empowerment	1.431	2.863	56.692

Source: Computed data

From the above table it is found that 50 variables are reduced into 10 predominant factors, namely Job satisfaction, Managerial effectiveness, Motivation of employees, Implementation strategy, Creativity and Innovation, Organisational values, Organisational culture, Management system, Leadership style and Empowerment with cumulative variances of 12.301%, 21.701%, 31.087%, 35.885%, 39.909%, 43.927%, 47.473%, 50.820%, 53.829% and 56.692%. These 10 factors also process individual variations and their percentages are 12.301, 9.400, 9.386, 4.798, 4.024, 4.018, 3.546, 3.347, 3.009 and 2.863.

The variable loadings in each factor are presented in the following approach.

The first factor consists of 5 variables with the following variable loadings:

Factors	Variables	Values
OC4	The organization's cultural changes due to external forces.	.797
OC3	The culture of the organization is clear to every individual in the bank.	.778
OC5	There is a cultural change due to employees behavioral changes.	.743
OC2	The organization gives priority to maintain its culture.	.733
OC1	The culture of the organization is clearly stated on network sites.	.703

This factor can be called **“Organisational Culture” (OC)**. Organisational culture encompasses the values and behaviors that contribute to the social environment of an organization. It is a pattern of collective behaviors and assumptions that are communicated to the organizational employees. The shared values are put forward clearly by the management to the employees. These values have strong influence on the behavior of the employees in the organization. Every bank develops and maintains a unique culture, that provides guidelines and boundaries for the behaviors of the members of the organization.

The second factor consists of 5 variables with the following variable loadings:

Factors	Variables	Values
MS2	The management involvement encourages the employees to achieve their goals.	.692
MS1	Bank management involves themselves to create a conducive work environment for the employees.	.616
MS4	The management cares and responds to the issues of most importance to the employees.	.604
MS3	Employee welfare measures are transparently shown by the management.	.592
MS5	Employees express their potentiality in their work environment because of management's involvement.	.568

This factor can be called **“Management System” (MS)**. Managerial system is a set of policies and procedures implied by the employees to achieve the objectives of the bank. For an effective management system, the executives must consider simplicity, flexibility, reliability, economy and acceptability. The top level management creates the initial organizational architecture and structure, where the middle level and operational level strives to put this structure into action. The overall responsibilities and tasks of the employees finally decides the effectiveness of the management system.

The third factor consists of 5 variables with the following variable loadings:

Factors	Variables	Values
ME1	The management is capable of recognizing the managerial effectiveness in the key areas and issues.	.812
ME4	Management effectiveness contributes effectively in increasing productivity of the department.	.718
ME3	The management reinforces employee behavior through recognition.	.566
ME5	An Effective management process maintains a proper link between human resource planning and business planning.	.494
ME2	Employees in our organization are allowed to divide time effectively between various job aspects.	.478

This factor can be called **“Managerial Effectiveness” (ME)**. Managerial Effectiveness is an effective method carried out by the organization in order to manage the employees of the organization at all levels. Managing Effective is the proportion of total organization resources that contributes effectively to the productivity of the department during the manufacturing process. The business planning process and the human resource planning are properly linked to an effective management process. In a good management structure the effective distribution of time is implemented for the employees for various job aspects in the organization. In an effective management system the skills of the employees are summarized as planning and troubleshooting in order to get people to achieve goals.

The fourth factor consists of 5 variables with the following variable loadings:

Factors	Variables	Values
JS5	I am satisfied with the pay and perquisites offered by my organization.	.782
JS4	The employees are satisfied with the adequacy of freedom to do your job efficiently.	.742
JS1	The employees are satisfied with the supervisor as he/she keeps the employees informed about what's going on in the company.	.693
JS3	The climatic conditions and interpersonal relationships among the employees are satisfied with the organization.	.500
JS2	The employees are satisfied with the organization as their views and participation are valued	.465

This factor can be called “**Job Satisfaction**” (JS). Employee satisfaction represents the main principle of contemporary human resource management. The quality motivation systems increase the competitive advantage and value of an organization. The organisations that greatly contribute to the employee satisfaction and increase their performance are those that increases the elaboration and versatility towards the preference of the employees. A good manager is that which pay the employees well and provides job flexibility to the employees.

The fifth factor consists of 5 variables with the following variable loadings:

Factors	Variables	Values
IS1	Strategy implementation influences financial performance in the organization.	.596
IS3	Effective implementation practices lead to employee satisfaction and results in better performance and outcome.	.549
IS4	Proper implementation of strategy leads to enhanced repeated purchase.	.495
IS5	Quality and operations management in the banks are influenced by the implementation strategy applied by the organisation.	.450
IS2	Strategic implementation enhances employee performance in the banks.	.419

This factor can be called “**Implementation Strategy**” (IS). Implementation strategy is the manner in which an organization develops, utilizes and amalgamates the organizational structure and culture to follow the strategies that lead to competitive advantage. The operations management maintains a good quality where proper implementation strategy is inhabited. It leads to better performance of the employees. The implementation involves assigning individual tasks and timelines that will help a bank to reach its goals. Effective strategic implementation influences the employee performance. Strategic implementation is critical to a bank’s success, when properly implied leads to the motivation of employees to work towards the goals and objectives of the organization.

The sixth factor consists of 5 variables with the following variable loadings:

Factors	Variables	Values
MOT3	The level of recognition and appreciation of the management is satisfactory and motivates the employees.	.621
MOT5	The positive atmosphere in the bank’s working environment motivates the employees.	.612
MOT2	The management motivates the employees by inculcating fair amount of team spirit.	.456
MOT4	The factors such as promotion and growth motivates the employees.	.464
MOT1	The salary increments given to the employees who do their jobs very well, motivates the employees.	.416

This factor can be called “**Motivation of Employees**” (MOE). Motivation is the psychological force that determines the direction of a person’s behavior in the organization. It defines the person’s level of effort and his or her level of persistence towards the work carried out in the organization. Organisational communication climate that exhibit the characteristics such as carrying a high degree of autonomy, providing opportunities for employees, inculcating a team spirit among the employees, implementing a good salary structure for the best performers, creating a positive atmosphere, nurturing relationships among the employees and holding employees in high regard, result in high level of motivation towards the employees and end up with more satisfied workers.

The seventh factor consists of 5 variables with the following variable loadings:

Factors	Variables	Values
OV5	The climate is highly supportive of and greatly respects individual differences needs and issues.	.682
OV1	Our management has very high leadership, determination, persistence and self confidence in the ideas of vision and corporate values.	.649
OV2	Our vision and mission statement is commonly agreed –upon and understood and adopted by all the employees.	.615
OV4	Employees feel a strong sense of mutual trust, fairness, consistency and transparency in the organization as they are valued.	.535
OV3	Individual employees are rewarded for creativity, innovation and teaming.	-.696

This factor can be called “**Organisational Values**” (OV). The core of a bank’s beings are the values of the organization. They provide an anchor for all the activities that happen in the organization. When the employees have a strong feeling of satisfaction on the mutual trust in the organization, the fairness of work, consistency and transparency, the employees make sense of the working life and are clear about their part on how they fit in the big picture. Values at work are increasingly important as every management possess a high leadership determination style. It assists the persistence of clarity of the work of the employees and increases the self – confidence in the minds of the employees to achieve the vision of the organization.

The eighth factor consists of 5 variables with the following variable loadings:

Factors	Variables	Values
CI3	Providing an appropriate degree of decentralization to facilitate the process of taking decisions by the banking staff responsible for providing banking service to customers.	.815
CI4	There is distribution of the careers between workers in a way that achieves a greater motivation for creativity in dealing with the client.	.799
CI5	There are indications of training employees in the methods of creative thinking in dealing with the client.	.400
CI2	The organizational structure at the bank ensures the use of modern technology.	-.660
CI1	There is a preparation for the administrative and regulatory climate appropriate for creativity in dealing with the consumer.	-.489

This factor can be called “**Creativity and Innovation**” (CI). Creativity and Innovation at work are the outcomes of attempts to develop new and improved way of doing things. Creativity refers to idea generation and subsequently refers to the implementation of ideas towards better procedures and practices in banks. Innovation makes a good bank a great bank. It is a style of corporate behavior filled with new ideas and risks. The creativity and innovation include the training of employees on the new ideas to be implemented, providing an appropriate degree of decentralization to facilitate the employees on the changing behavior of the banks. The use of modern technology and flexibility in the work style of the employees, stimulates creativity and innovation, resulting in the increase of productivity in banks.

The ninth factor consists of 5 variables with the following variable loadings:

Factors	Variables	Values
LS4	There is a relationship between managerial positions in the hierarchy and organizational leadership styles.	.716
LS3	Bank managers adopt a participative leadership style to emphasize staff development by infusing each level management.	.630
LS5	People oriented and task oriented leadership styles of managers play a significant role in the development of higher level of performance, satisfaction and commitment among the persona’s	.604
LS2	Senior level managers maintain a good workplace relationship.	.531
LS1	Directive style of leadership is implemented in the highly structured group.	-.456

This factor can be called “**Leadership Style**” (LS). A leader’s style of motivating people, implementing plans and providing direction refers to leadership style. It denotes to coaching centered and participative style of the leader. The leadership style has a significant impact on the employee job satisfaction, productivity and commitment. Leadership style is the key component of an effective organization. An effective leader maintains smooth relationships, improves the level of performance, satisfaction and commitment among the employees.

The tenth factor consists of 5 variables with the following variable loadings:

Factors	Variables	Values
EM4	As the employees gain expertise they are allowed to involve themselves in making decisions that affect their work.	.696
EM5	Bank managers give the personnel’s the opportunity to suggest improvements in the organizational change management process	.680
EM2	Proposed decisions are made at the lowest appropriate level.	.419
EM1	The employees have access to the information they need to make good decisions.	.400
EM3	The employees are allowed to involve themselves in making decisions that affect their work.	.400

This factor can be called “**Empowerment**” (EM). The researcher finally derives the various factors influencing organizational communication climate in the public and private sector banks in India. Empowering employees is the ongoing process of providing the tools, training, encouragement to the employees. Motivation of employees is carried out at the optimum level. Effective employee empowerment has positive implications for employee satisfaction and has many organizational facets. Empowerment caters an important human need which is common to any employee allowing the individual to involve himself in the decision making process in the change management of the organization regardless of the work setting. Empowerment is the present need for recognition and self actualization. With the various loadings in each factor the researcher hereby finally derives the 10 factors influencing organizational communication climate in private and public sector banks. This verification leads to the analysis of inferring the variables of influencing organizational communication climate in banking sector in India.

HYPOTHESIS TEST – 2 : There is no significant difference among the factors of organizational communication climate.

The application of factor analysis in principle component method derived 10 factors. Job satisfaction - 12.301, Managerial effectiveness - 21.701, Motivation of employees - 31.087, Implementation strategy - 35.885, Creativity and Innovation - 39.909, Organisational values - 43.927, Organisational culture - 47.473, Management system - 50.820, Leadership style - 53.829 and Empowerment - 56.692.

This implies all the 10 factors are different with different variances. This implies the hypothesis is rejected at the 5% level and concluded that there is a significant difference among the factors of organizational communication climate.

VI. Findings And Conclusion.

❖ The factor analysis derived ten predominant factors in the strategic management process. The factors are organizational culture, management system, managerial effectiveness, job satisfaction, implementation strategy, motivation of employees, organizational values, creativity and innovation, leadership style, empowerment. A brief description of each factor is given as under:

Organizational communication climate is of paramount importance in an organization as it contributes to the effectiveness and success of an organization. The communication climate influences the atmosphere in the organization which encourages horizontal, upward and downward communication among the employees. Routine communication with the personnel's concerning the implementation of vision and mission statements and regular training the employees towards change management, enhances employee engagement and personal accountability for achieving success. Creation of open environment leads to reduced stress, team building, greater job satisfaction, increased commitment and loyalty towards the organization. Open communication on the whole creates a highly productive work environment and a positive workplace.

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