IJRAR.ORG E-ISSN: 2348-1269, P-ISSN: 2349-5138

INTERNATIONAL JOURNAL OF RESEARCH AND ANALYTICAL REVIEWS (IJRAR) | IJRAR.ORG

An International Open Access, Peer-reviewed, Refereed Journal

Organizational Climate: "An empirical study with reference to pharmaceutical industry in Hyderabad"

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Abstract:

Pharmaceutical employees are really working in a different climate which is not same to other industries. In vibrant business environment, the pharmaceutical industry may face lot of challenges. In a pharmaceutical industry largely driven by human number, the additional role behaviors are essential aspects for organisational effectiveness. This research investigates the organisational climate in the pharmaceutical industry. The main aim is to measure OC and calculate the reliability for the dimensions. It also recommends practices to increase Organizational climate which helps for employee engagement. OC was measured by the 6 different dimensions of climate with 30-item questionnaire which is the modified version of Hay Group scale as in Nair, 2006. All the six dimensions were assessed– clarity, flexibility, responsibility, standards, rewards and team commitment. Sample was collected from 150 respondents from three pharmaceutical companies included in the study (KRR drugs, Gland Pharma and Hetero). The study tests the impact of Organizational climate. As far as the researcher's knowledge, this study is unique in Pharma industry. The findings of the study may suggest an importance of Organizational climate to selected pharmaceutical companies. The findings give valuable suggestions to management for adopt various effective HR practices at workplace. The study confined for pharmaceutical industry in a selected geographical area i.e. Hyderabad.

Keywords: Organizational climate, clarity, responsibility, rewards, standards, flexibility and team commitment, pharmaceutical industry.

1. Introduction:

Organizational climate is an exceptionally important subject to have research covering the area of mechanical and hierarchical brain research (Kundu, 2007). The general public relies upon companies for their welfare and advancement. It might be said that companies assume an overwhelming job in our lives. The essence of the matter is that OC is of extraordinary hugeness for use of human relations at all dimensions. Fulfillment of targets relies on the viability of directors and their fulfillment level. Organizational climate additionally applies real effect on key overseeing elements of company, for example, employee's commitment, employee engagement and performance.

The quality of the internal environment, which in turn affects staff growth, cooperation, and commitment to corporate outcomes, is often referred to as the "climate."

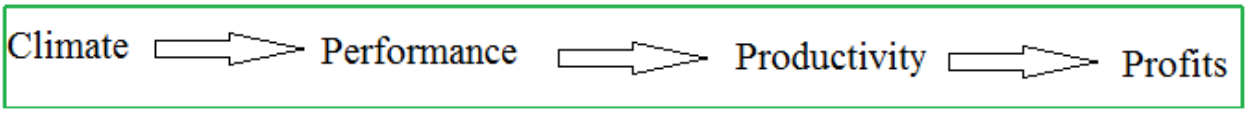
According to Forehand and Gilmer (1964) "organizational climate is the set of characteristics that (a) describe an organization and distinguish one organization from others, (b) are relatively enduring over a period of time and, (c) influence the behaviour of people in the organization".

Tagiuri and Litwin (1968) see "organizational climate as a relatively enduring quality of internal environment of an organization that is experienced by its members. Influences their behavior, and can be described in terms of the values of a particular set of characteristics (or attributes) of an organization".

1.1. Six different dimensions of climate (established by Hay Group as in Nair, 2006):

- CLARITY - Knowing what is required for you
- STANDARDS – the extent to which challenging but attainable goals are established
- RESPONSIBILITY- Feeling that you have been given more responsibility and authority
- FLEXIBILITY- Feeling that new ideas are easy to get approved.
- REWARDS- Being recognized for good work
- TEAM COMMITMENT- Trusting everyone works towards a common objective

A positive organizational climate is crucial because it fosters a motivated workforce, leading to increased productivity, stronger passion for the company, and deeper customer engagement, ultimately resulting in higher employee productivity and reduced turnover.



2. Review of literature:

S. No	Researchers	Instrument	Sample	Dependent variable	Result
1	Schneider (1975)	Organization climate questionnaire	Life insurance Agents (N=914)	Tenure, sales	Type of organizational affected the Link between The fit of fresh Employee climate expectations And preferences to The agency or fresh Executive Success.
2	Waters, Roach, And Batlis (1974)	Selected scales from Helpin and Crofts OCDQ Litwin and Stringer's scale, and house and Rizzos OPQ	Executives in Seven radio And TV stations (N=105)	Job satisfaction, Self-reported Effort and Performance	None of climate factor Dimensions and very less of the22 climate scales were Associated with self ratings. Outcomes may have Been influenced by Dependent variable ceiling effects.

S. no	Author	Title of the Paper	Instrument	Tools used	Findings and suggestions
1.	Schneider and Snyder (1975)	Some Relationships Between Job Satisfaction and Organizational Climate	Questionnaire. Respondents-520. Sampling unit- 50 life insurance agencies.	Inter correlations and Internal Consistency Reliability Estimates.	OC and satisfaction were correlated.
2	Gilbert A. Churchill, Jr., Neil M. Ford, Orville C. Walker, Jr. (1976)	Organizational Climate and Job Satisfaction in the Sales force	Questionnaire. Respondents-479. Sampling unit- 10 companies.	Pair wise correlation, Step wise regression	About 42% of the difference in salesmen's total job satisfaction can be explained by organizational climate characteristics.
3	Fauziah Noordin,Safiah Omar 2010	Organizational Climate And Its Influence On Organizational Commitment	Questionnaire. Respondents-150. Employee type: Executive and non-executive level.	Correlation	Five aspects of organizational climate—job satisfaction, motivation, culture, leadership, and teamwork—are revealed by the study. According to the poll, employees said the organizational climate of their company was moderate.
4	Sanguansak Bhaesajsanguan	The Relationships among Organizational Climate, Job Satisfaction and Organizational Commitment in the Thai Telecommunication Industry.	Questionnaire. Respondents-840. Sampling unit- communication Industry	Structural Equation Modeling.	Job satisfaction and organizational commitment are positively correlated with organizational climate.

3. OBJECTIVES OF THE STUDY

1. To study the organizational climate in select pharmaceutical companies.
2. To compare the organisational climate among male and female employees.
3. To analyze organizational climate of employees with respect to their department, qualification and years of service.

3.1. HYPOTHESIS OF THE STUDY:

H01: There is no significant difference exists in Organizational Climate between male and female employees.
H02: There is no significant difference exists in Organizational Climate between employees as per their qualification levels.
H03: There is no significant difference exists in Organizational Climate between employees as per years of service.
H04: There is no significant difference exists in Organizational Climate between employees as per respective departments.

3.2. RESEARCH STRATEGY

RESEARCH DESIGN	RESEARCH METHODOLOGY	DESCRIPTION
Type of research	Descriptive Research	Survey Method
Nature of study	Quantitative and Qualitative approach	Practical investigation of employee's opinion via statistical data
Data Collection method	Primary Data	Through structured questionnaire
	Secondary Data	Research articles, Manuals, Magazines and WLB Books.
Measurement technique	Questionnaire Design	Section 1- Demographic factors Section2- Organizational climate questionnaire with 6 dimensions (consisting 30 Questions).
Sampling	Population	Employees from 03 Pharmaceutical companies
	Sample Size	150 respondents from selected companies
	Sampling Technique	Stratified convenience sampling
Data Analysis	Software Package	SPSS and Excel
Hypothesis Testing	Statistical tests used	Independents sample t- test and ANOVA

4. Data analysis and Results:

4.1. Reliability Statistics:

	Reliability Statistics		
Dimension	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
Clarity	.852	.854	5
Standards	.796	.802	5
Responsibility	.878	.898	5
Flexibility	.907	.909	5
Rewards	.852	.861	5
Team Commitment	.985	.985	5
Overall Organisational Climate	.868	.876	30

Cronbach's alpha is a measure of internal consistency and indicating how closely related a set of items are as a group. In the above table Cronbach's alpha values for all the dimensions are above 0.8 indicates a good to excellent level of internal consistency within a scale or test. This means the items within the scale are highly correlated and measure the same underlying construct. While values above 0.7 are generally considered acceptable, 0.8 suggests a strong degree of reliability.

Scale Statistics			
Mean	Variance	Std. Deviation	N of Items
4.03	74.887	8.654	30

Hotelling's T-Squared Test				
Hotelling's T-Squared	F	df1	df2	Sig
126.094	4.064	29	401	.000

4.2. Factor Analysis:

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.816
Bartlett's Test of Sphericity	Approx. Chi-Square	11122.3
	Df	435
	Sig.	0

A KMO value of 0.816 indicates that the data is suitable for factor analysis. Specifically, a KMO value between 0.8 and 0.9 is generally considered "good" and suggests that there is a strong degree of common variance among the variables being analyzed.

Communalities		
	Initial	Extraction
C1	1.000	.670
C2	1.000	.758
C3	1.000	.547
C4	1.000	.598
C5	1.000	.664
RES1	1.000	.526
RES2	1.000	.577
RES3	1.000	.678
RES4	1.000	.540
RES5	1.000	.543
S1	1.000	.383
S2	1.000	.756
S3	1.000	.879
S4	1.000	.848
S5	1.000	.738
RW1	1.000	.764
RW2	1.000	.802
RW3	1.000	.778
RW4	1.000	.769
RW5	1.000	.587
F1	1.000	.594
F2	1.000	.686
F3	1.000	.750
F4	1.000	.747
F5	1.000	.576
TC1	1.000	.922
TC2	1.000	.963
TC3	1.000	.947
TC4	1.000	.928
TC5	1.000	.970
Extraction Method: Principal Component Analysis.		

Communalities represent the proportion of variance in a variable that is explained by the extracted common factors. Essentially, it indicates how well a variable is represented or “captured” by the identified factors. Communalities for the above 30 variables are more than 0.5. Hence the entire 30 variable are considered acceptable.

Rotated Component Matrix						
	Component					
	1	2	3	4	5	6
C1	.814					
C2	.865					
C3	.732					
C4	.732					
C5	.794					
RES1		.716				
RES2		.754				
RES3		.813				
RES4		.703				
RES5		.711				
S1			.610			
S2			.862			
S3			.925			
S4			.902			
S5			.846			
RW1				.861		
RW2				.869		
RW3				.846		
RW4				.850		
RW5				.747		
F1					.683	
F2					.817	
F3					.843	
F4					.849	
F5					.737	
TC1						.944
TC2						.964
TC3						.951
TC4						.943
TC5						.960
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.						

The above table displays the correlation between variables and extracted factors after rotation. The rotated component matrix of the loaded factors is extracted from Varimax rotation. Osborne and Castello (2009:138) suggested that "a factor with fewer than three items is weak and unstable while five or items with loadings above .60 are desirable and indicate a solid factor." All the extracted factors in the research have loading factor values are above .60. Hence, all the derived factors demonstrate to solid and reliable.

4.3. H01: There is no significant difference exists in Organizational Climate between male and female employees

Independent samples t-test was performed for examining the difference among male and female employees for Organizational Climate displayed towards the organization.

Group Statistics					
	GENDER	N	Mean	Std. Deviation	Std. Error Mean
MEAN	Male	377	4.0292	.27618	.01422
	Female	53	4.4151	.53472	.07345

Independent Samples Test									
	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Equal variances assumed	125.790	.000	-8.247	428	.000	-.38592	.04679	-.47789	-.29394
Equal variances not assumed			-5.158	55.963	.000	-.38592	.07481	-.53579	-.23604

It can be concluded that there is a significant difference exists between the organisational climates displayed towards the organization by both genders. Null hypothesis is rejected at t (428) = .000, p>0.05

4.4. H02: There is no significant difference exists in employee citizenship behavior between employees as per their qualification levels.

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	8.030	4	2.008	20.105	.000
Within Groups	42.437	425	.100		
Total	50.467	429			

The test calculates an F-statistic, which is then used to determine a p-value. The F-value exceeds the tabled critical value at p=.05 with df1=4 and df2=425 for organisational climate. A significant p-value (typically less than 0.05) indicates that there's enough evidence to reject the null hypothesis and conclude that significant difference exists between the organisational climates displayed towards the organization by employees having different qualification levels.

4.5. H03: There is no significant difference exists in employee citizenship behavior between employees as per years of service

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5.579	5	1.116	10.539	.000
Within Groups	44.889	424	.106		
Total	50.467	429			

The test calculates an F-statistic, which is then used to determine a p-value. The F-value exceeds the tabled critical value at p=.05 with df1=5 and df2=424 for organisational climate. A significant p-value (typically less than 0.05) indicates that there's enough evidence to reject the null hypothesis and conclude that significant difference exists between the organisational climates displayed towards the organization by employees having different years of service.

4.6. H04: There is no significant difference exists in employee citizenship behavior between employees as per respective departments.

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.543	4	.386	3.352	.010
Within Groups	48.924	425	.115		
Total	50.467	429			

The test calculates an F-statistic, which is then used to determine a p-value. The F-value for organizational climate, with df1=4 and df2=425 at p=.05, is more than the stated critical threshold. A significant p-value (usually less than 0.05) means that there is sufficient evidence to reject the null hypothesis and draw the conclusion that employees in different departments have significantly diverse organizational climates.

5. Findings:

The study was conducted to examine four hypotheses. The first hypothesis was to investigate the impact of gender on organizational climate. The finding indicates a significant difference exists in OC between male and female employees. The second hypothesis was to investigate the impact of employee qualification on OC. The finding indicates a significant difference exists in OC based on qualification levels. The third hypothesis was to explore the impact of employee length of service on organizational climate. The finding indicates a significant difference there in OC as per the employee service. The fourth hypothesis aimed to investigate how the employee's working department affects organizational climate. The finding indicates a significant difference exists in organizational climate as per the employee's working department.

6. Conclusion:

This study spotlights the emergence of OC and also recognizes various should significantly affects on it. It may be possible to do a thorough investigation of the particular elements found, which might result in the individual effects of each factor on climate levels.

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