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# DETERMINING FACTORS OF ORGANISATIONAL CLIMATE WITH REFERENCE TO LEADERSHIP STYLES

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## ABSTRACT

*To establish the employees' outlook towards leadership styles determining the Organisational Climate. Organisational climate is a set of measurable properties of the work environment that is directly or indirectly perceived by the people who live and work in said environment and is assumed to influence their motivation and behavior.*

**Keywords:** Organisational Climate, Leadership style.

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## 1. INTRODUCTION

Organisational climate can be defined as “the set of characteristics that describe an organisation and that (a) distinguish the organisation from other organisations, (b) are relatively enduring over time, and (c) influence the behaviour of people in the organization.

Organisational climate is a set of measurable properties of the work environment that is directly or indirectly perceived by the people who live and work in said environment and is assumed to influence their motivation and behaviour.

Organisational climate is formulated in the form of characteristics of organisational climate and presented as follows:

- Generally considered to be a molar construct that change over time.
- Perceived by, and shared among organisational members, which can result in consensus among individuals.
- Consists of global impressions of the organisation that members form through interacting with each other and organisational policies, structures and processes.

- Refers to the ‘feeling of an organisation’.
- A potential influence on individuals’ behavior.
- Climate perceptions are descriptions of environmental events and conditions rather than evaluations of them.
- Climate construct is multi-dimensional.

## 2. REVIEW OF LITERATURE

Victoria Bellou, Andreas I. Andronikidis showed that efficiency, reflexivity, innovation and flexibility, supervisory support and quality were among the most prominent characteristics affected by organisational climate, whereas outward focus and pressure to produce were least affected. Moreover, the only differences revealed between managerial and non-managerial employees were in the areas of involvement and efficiency.

Tengku Marini revealed that male staff perceived organisational climate more favorable as compared to females. Meanwhile the friendly, precise and attentive style was found to be the predominant communication styles among the staff and the predominant organisational climate was achievement oriented climate. Male and female officers are influenced in a similar manner by organisational climate variables, although the magnitude of that influence varies by gender and suggest that climate variables have a greater impact on job satisfaction than individual level variables (Marie L. Griffin).

Young, Scott Alan found that agreement within work groups with respect to climate perceptions may not be as critical as agreement in organisational values and goals. Ali Dastmalchian stated in his study that different environmental characteristics have different associations with organisational climate and the relationships between organisational environments and climate are not similar to those found between environments and structure.

Lawrence R. James and Allan P. Jones focus on the extent to which organisational climate duplicates other organisational and individual domains. Descriptive measures of organisational climate have organisation-specific variance and constitute organisational attributes (John A. Drexler) several organisational process variables (but no structural variables) were significantly related to the climate of the organisation as perceived by scientists. Perceived climate in turn was shown to be significantly related to measures of organisational performance and to job satisfaction (Edward E. Lawler, III, Douglas T. Hall and Greg R. Oldham).

Johnson, Joyce J. used a sample of 8,126 employees in a large government service agency using an anonymous survey measuring nine aspects of quality culture and ten aspects of organisational climate. Results show that supervisors perceived all nineteen aspects of the culture and climate measured on the survey significantly more positively than did non-supervisors. Cooper, Michelle A. discussed the impact of participation in decision making on staff perception of organisational climate/culture, commitment, and influence on work. There was no statistically significant difference for perception of climate/culture compared to results from the same questionnaire administered one year before but commitment and influence on work were significantly lower.

## 3. OBJECTIVE OF THE STUDY

- To establish the employees’ outlook towards leadership styles determining the Organisational Climate.

## 4. RESEARCH METHODOLOGY

### Sources of data

The study is carried out through primary and secondary data.

### Sample Selection

The convenient sampling method is applied to collect the primary data.

### Sample Size: 125

## 5. DATA ANALYSIS

### 5.1. Factors Analysis - Leadership Style

The leadership factors consist of eleven variables in Likert's 5 point scale which range from strongly agrees to strongly disagree. The application of factor analysis over these eleven variables derived the following results:

**Table 1** KMO and Bartlett's Test relating to Leadership Style

<b>Kaiser-Meyer-Olkin Measure of Sampling Adequacy.</b>		<b>.761</b>
Bartlett's Test of Sphericity	Approx. Chi-Square	1452.788
	d.f	55
	Sig.	.000

From the above table it is found that KMO value 0.761 and Bartlett's Test of Sphericity with approximate Chi-Square value 1452.788 are statistically significant at 5% level. It denotes the sample is adequate to represent the leadership factors of organisational climate. The eleven variables obtained considerable variance to represent the leadership style.

The following communality table indicates the range of variance exhibiting by eleven variables of leadership:

**Table 2** Communalities - Leadership Style

<b>Leadership Style</b>	<b>Initial</b>	<b>Extraction</b>
L1	1.000	.714
L2	1.000	.622
L3	1.000	.589
L4	1.000	.718
L5	1.000	.588
L6	1.000	.384
L7	1.000	.448
L8	1.000	.677
L9	1.000	.415
L10	1.000	.675
L11	1.000	.650

Extraction Method: Principal Component Analysis.

From the above table it is found that the variance ranges from 0.384 to 0.718 It denotes the variance of the variable ranges from 38.4% to 71.8%. This variance designates the formation of significant factors.

The following total variance table indicates the individual and cumulative variance of the derived factors:

**Table 3** Total Variance Explained - Leadership Style

Com- ponent	Initial Eigen values			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.468	31.531	31.531	2.430	22.088	22.088
2	1.816	16.510	48.041	2.045	18.593	40.681
3	1.194	10.856	58.897	2.004	18.216	58.897
4	.867	7.878	66.775			
5	.711	6.460	73.235			
6	.678	6.162	79.398			
7	.624	5.675	85.073			
8	.505	4.587	89.661			
9	.438	3.978	93.639			
10	.354	3.215	96.854			
11	.346	3.146	100.000			

Extraction Method: Principal Component Analysis.

From the above table it is found that the eleven factors are reduced into three predominant factors with individual variance 22.088, 18.593, 18.216 and cumulative variance is 58.897. These factors are significant to individually considering derived factors. The following Rotated Component Matrix (a) indicates the variable composition of the factors:

**Table 4** Rotated Component Matrix (a) – Leadership Style

Leadership Style	Component		
	1	2	3
L11	.794		
L10	.791		
L8	.782		
L7	.548		
L4		.813	
L5		.755	
L3		.737	
L1			.843
L2			.673
L9			.606
L6			.556

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization. A Rotation converged in 5 iterations.

From the above table it is found that the first factor consist of-

- Effective decision- making (0.794)
- Supervisor’s encouragement (0.791)
- Communicates well with sub-ordinates (0.782)
- Effectively leads the department (0.548)

Therefore, this factor is appropriately named as participative leadership.

The second factor consist of -

- Reducing frustrating barriers (0.813)
- Developing team work (0.755)
- Leading by example (0.737)

Therefore, this factor is appropriately named as supportive leadership.

The third factor consist of -

- Sharing vision and goals (0.843)
- Improving performance (0.673)
- Moral support and help in crisis (0.606)
- Ethical behavior (0.556)

Therefore, this factor is appropriately named as dynamic leadership.

Factor analysis highlights three predominant factors participative leadership, supportive leadership and dynamic leadership are sharing vision and goals of the organisation and reducing frustrating barriers among employees.

## 6. FINDINGS

- Participative leadership, supportive leadership and dynamic leadership are improving the performance of the employees and organisation through leadership.
- Inactive employees (12.4%) require dynamic leadership style for increasing organisational performance. Most of the employees (87.6%) stated that leaders in SCB are democratic, participative, supportive and encouraging.
- There is a deep association between job satisfaction of employees and their respective leadership style. Involvement of employees in decision making by leaders motivate them for job satisfaction.
- There is a deep association between career development of employees and their respective leadership style. Leading by example and Supervisor's encouragement help the employees for their career development.
- Moral support and help in crisis in leadership style leads to less absenteeism and customer friendly in organisational commitment.
- There is a deep association between communication of employees and their respective leadership style. When supervisors communicate with their employees, there is a mutual understanding of goals and the direction of the organisation and those employees whose supervisors provide information are more satisfied.
- The leadership style in SCB is encouraging and democratic which act as a motivating factor for less turnover of employees and contributes for conducive work environment for better productivity.

## 7. CONCLUSION

Organisational climate is influenced by many factors like motivation, job satisfaction, training, leadership style, and communication and so on. Leadership Style followed in a particular institution will have more impact on its climate. So the organisations must evolve a good leadership style to have a better organizational climate.

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