



## IMPACT OF ORGANIZATIONAL CULTURE, CLIMATE AND COMMITMENT ON ORGANIZATIONAL EFFECTIVENESS - A STUDY WITH REFERENCE TO MADRAS FERTILIZERS LIMITED, CHENNAI

**Dr. G. Dhamodharan**

Assistant Professor in Commerce, Faculty of Science and Humanities, SRM Institute of Science and Technology, Chennai – 600 026.

### ABSTRACT

*The success of an organization depends on hard working, loyal and involved employees. In this modern era where world has become a global village, firms are considered to be competitive on the basis of strong culture, conducive climate and competent employees of their organization. It is somewhat a difficult task to handle people who are physically, psychologically and culturally different from each other. Fertilizer industry is playing a crucial role in today's agricultural production and its input is of great importance. Different kinds of employees are working in fertilizer industry, like senior level executives, middle level executives, junior level executives and non-supervisors. The above segments of employees have an important role to play in the manufacture of fertilizers. The perception of above employees is changing from persons to persons in the current scenario. The study aims to identify the perceptions of employees on the impact of organizational culture, climate and commitment on organizational effectiveness in Madras Fertilizers Limited, Chennai.*

**Keywords:** Technocratic Culture, Pro-activity, Continuance commitment, organizational effectiveness.

### INTRODUCTION

In today's competitive world, an organization has to make a considerable effort to survive and prosper in their business. In order to survive, an organization has to be effective and meet the requirements of the external environment. As organizations today are facing

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increasingly complex, dynamic, turbulent and threatening environment, attention must be focused on both the running of day-to-day affairs and adapting the organization to changing environmental condition. All these focus on one aspect, i.e. making an organization effective. Effective organizations are measured for the following five components, viz. adaptability, change management, goal achievement, risk taking capability and growth of the organization. Adaptability is the key factor for every organization to accept change. Change management is measured for the supportive responses of the employees in an organization. No organization is said to be effective unless it attains the goals and objectives. Effective organizations have the ability and capacity of taking risks. Efficiency of the organization determines how well the organization utilizes its input such as men, money, material and machinery, transforms these inputs to maximize the output. Hence the organization's efficiency has induced growth to the organization.

Organizational culture, climate and commitment are the significant contextual factors to study the organizational effectiveness. Organizational culture is a complex and deep aspect of organizations that can strongly affect organizations' employees.

## **REVIEW OF LITERATURE**

Deb, T. (2008), in his research indicates that organizational culture plays a vital role in improving organizational performance through human resources. The conclusion of the study found that building, linking and bonding culture is the essence of a sustainable competitive advantage where HR professionals play a pivotal role in designing, developing and delivering competitive priority of organizations.

Zulfqar Ahmad, et. al., (2010), the objective of the study shows that to measure the level of job satisfaction of the middle managers with organizational climate. The study depends upon the primary data derived from 246 middle managers. The study found that the organization to create strong organizational climate among the employees in an organization, would increase job satisfaction, organizational performance and organizational citizenship behaviour.

Afsanepurak, S.A., et. al., (January 2012), the objective of their study stated that to determine the relationship between organizational socialization and organizational commitment. The study depends upon the primary data derived from 175 employees in an organization. It is identified that there was a significant relationship between organizational socialization and organizational commitment.

Shazad, F. et. al., (January 2012), in their study concluded that strong organizational culture is very helpful for the new employees to adopt the organizational culture and to get the competitive advantage under the particular conditions that leads to high level of organizational effectiveness in any organization.

## **OBJECTIVES OF THE STUDY**

1. To find out the predominant factors of organizational culture, climate and commitment in the study domain.
2. To identify the impact of organizational culture, climate and commitment on organizational effectiveness.
3. To offer suggestions to motivate the organizational effectiveness in Madras Fertilizers Limited, Chennai.

## **HYPOTHESIS**

1. The factors of organizational culture, climate and commitment do not differ significantly.
2. There is no significant difference in employee's perception on organizational culture, climate and commitment.
3. There is no impact of organizational culture, climate and commitment on organizational effectiveness.

## **METHODOLOGY**

### **Research Design**

The study is conducted using both analytical and descriptive type of research design. The study primarily depends on primary and secondary data.

### **Area of the Study**

The survey is conducted in Madras Fertilizers Limited (A Public Sector Undertaking), Manali, about 20Km North of Chennai City in Tamil Nadu, South India.

### **Sampling Size**

The primary data are collected through survey method. Survey is conducted using well formulated Questionnaire. Stratified Sampling is applied for generating data. Samples for the purpose of the study are selected systematically.

## Sampling Size of the Respondents

Designation	Distributed	Collected	Completed	Incomplete
Non-Supervisors	146	121	109	12
Supervisors	324	217	200	17
<b>Total</b>	<b>470</b>	<b>338</b>	<b>309</b>	<b>29</b>

## Secondary Data

The Secondary data are collected from Journals, Magazines, Publications, Reports, Books, Dailies, Periodicals, Articles, Research Papers, Websites, Company Publications, Manuals and Booklets of Madras Fertilizers Limited, Chennai.

## DATA ANALYSIS AND IONTERPRETATION

**Table 1**

### FACTOR ANALYSIS

Sl.No.	Research Instruments	No. of Variables	Cumulative frequency (Variance)	Factors Emerged
1	Organizational Culture	33	67.652%	Technological Approach Goal Setting Developmental Strategies Superiors Vision Core Values Managerial Capabilities Organizational Involvement Recognition and Reward
2	Organizational Climate	30	48.473%	Work Environment Management Style Team Orientation Non-Monetary Benefits
3	Organizational Commitment	25	58.625%	Emotional Attachment Loyalty Job Recognition Pessimistic Commitment Job Involvement
4	Organizational Effectiveness	22	67.586%	Adaptability Change Management Achievement Risk taking Capability Organizational Growth

It is obtained from the above table that the 33 variables of organizational culture are converted into 8 predominant factors, 30 variables of organizational climate are converted into 4 predominant factors, 25 variables of organizational commitment are converted into 5 predominant factors and 22 variables of organizational effectiveness are converted into 5 predominant factors.

**Table 2**  
**CORRELATIONS BETWEEN OC and OE**

		<b>ADA</b>	<b>CM</b>	<b>ACH</b>	<b>RTC</b>	<b>OG</b>
<b>TA</b>	Pearson Correlation	.516(**)	.495(**)	.564(**)	.432(**)	.359(**)
	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	309	309	309	309	309
<b>GS</b>	Pearson Correlation	.444(**)	.508(**)	.468(**)	.384(**)	.316(**)
	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	309	309	309	309	309
<b>DS</b>	Pearson Correlation	.489(**)	.503(**)	.470(**)	.323(**)	.287(**)
	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	309	309	309	309	309
<b>SV</b>	Pearson Correlation	.464(**)	.437(**)	.473(**)	.260(**)	.234(**)
	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	309	309	309	309	309
<b>CV</b>	Pearson Correlation	.557(**)	.555(**)	.603(**)	.407(**)	.309(**)
	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	309	309	309	309	309
<b>MC</b>	Pearson Correlation	.528(**)	.549(**)	.558(**)	.301(**)	.373(**)
	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	309	309	309	309	309
<b>OI</b>	Pearson Correlation	.370(**)	.418(**)	.448(**)	.284(**)	.291(**)
	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	309	309	309	309	309
<b>R&amp;R</b>	Pearson Correlation	.464(**)	.412(**)	.505(**)	.229(**)	.220(**)
	Sig. (2-tailed)	.000	.000	.000	.000	.001
	N	309	309	309	309	309

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

Source: Computed Data

It is revealed from the above table that all the factors of organizational culture in MFL are helping high level of adaptability, facilitating change management, predicts achievement, strengthening risk taking capability and enhancing tremendous organizational growth.

**Table 3**  
**CORRELATIONS BETWEEN OCL and OE**

		<b>ADA</b>	<b>CM</b>	<b>ACH</b>	<b>RTC</b>	<b>OG</b>
<b>WE</b>	Pearson Correlation	.495(**)	.389(**)	.443(**)	.331(**)	.259(**)
	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	309	309	309	309	309
<b>MS</b>	Pearson Correlation	.612(**)	.554(**)	.561(**)	.330(**)	.356(**)
	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	309	309	309	309	309
<b>TO</b>	Pearson Correlation	.449(**)	.549(**)	.547(**)	.330(**)	.348(**)
	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	309	309	309	309	309
<b>NMB</b>	Pearson Correlation	.500(**)	.434(**)	.512(**)	.331(**)	.228(**)

	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	309	309	309	309	309

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

Source: Computed Data

It is found that prevailing factors of organizational climate in MFL help suitable adaptability, create appropriate change management, persuading achievement, improving risk taking capability and intensifying organizational growth.

**Table 4**  
**CORRELATIONS BETWEEN OCM and OE**

		<b>ADA</b>	<b>CM</b>	<b>ACH</b>	<b>RTC</b>	<b>OG</b>
<b>EA</b>	Pearson Correlation	.335(**)	.414(**)	.445(**)	.281(**)	.408(**)
	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	309	309	309	309	309
<b>LO</b>	Pearson Correlation	.170(**)	.327(**)	.287(**)	.098	.350(**)
	Sig. (2-tailed)	.009	.000	.000	.133	.000
	N	309	309	309	309	309
<b>JR</b>	Pearson Correlation	.358(**)	.482(**)	.452(**)	.258(**)	.433(**)
	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	309	309	309	309	309
<b>PC</b>	Pearson Correlation	-.300(**)	-.363(**)	-.297(**)	-.110	-.306(**)
	Sig. (2-tailed)	.000	.000	.000	.091	.000
	N	309	309	309	309	309
<b>JI</b>	Pearson Correlation	.410(**)	.363(**)	.377(**)	.182(**)	.303(**)
	Sig. (2-tailed)	.000	.000	.000	.005	.000
	N	309	309	309	309	309

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

Source: Computed Data

From the above table it is proved that the prevailing organizational commitment in MFL persuading suitable adaptability, appropriate change management, attaining greater level of achievement, strengthening risk taking capability and intensifying higher level of organizational growth.

**Table 5**  
**INFLUENCE OF FACTORS OF THE OC, OCL and OCM on OE**

<b>Sl.No</b>	<b>OE Factors</b>	<b>No. of Factors Influenced</b>	<b>Name of Factor</b>
1	Adaptability	7	JI, MS, TA, CV, LO, TO, PC
2	Change Management	5	JR, MS, JI, CV, PC
3	Achievement	4	TA, CV, JI, PC
4	Risk Taking Capability	4	TA, CV, EA, LO
5	Organizational Growth	3	TA, JR, PC

It is observed from the above table that there is a significant impact of organizational culture, climate and commitment on organizational effectiveness factors.

## **FINDINGS OF THE STUDY**

- It is revealed from the *factor analysis by the principal component method* that the organizational culture in MFL leans upon eight predominant factors, viz. Technological Approach, Goal Setting, Developmental strategies, Superiors Vision, Core Values, Managerial Capabilities, Organizational Involvement and Recognition & Reward. It is also found from the analysis that the employees of the organization perceived organizational climate through four different factors. Viz. Work Environment, Management Style, Team Orientation and Non-Monetary Benefits.
- It is identified from the analysis that the organizational commitment approach of the employees found five factors. i.e. Emotional Attachment, Loyalty, Job Recognition, Pessimistic Commitment and Job Involvement. It is also ascertained from the analysis that the employee's opinion on organizational effectiveness realizes five factors, such as Adaptability, Change Management, Achievement, Risk Taking Capability and Organizational Growth.
- It is observed from *Karl Pearson co-efficient of correlation* that all the factors of organizational culture, climate and commitment of MFL help in suitable employee's adaptability approach, facilitating change management, attaining appropriate achievement, strengthening of risk taking capability and enhancing tremendous organizational growth.
- It is noted that the pessimistic commitment of the employees obstructs adaptability, reduce change management approach, restricts achievement, impedes risk taking capability, and decreases the volume of organizational growth.
- It is found from *multiple regression analysis* that management style, technological approach, loyalty and team orientation of the MFL create positive adaptability approach whereas pessimistic commitment of the employees diminish the employee's adaptability of this organization.
- It is revealed that the management style, job recognition, job involvement and core values of this organization create the suitable change management approach. It is also identified that the technological approach of the employees facilitates higher level of achievement.

- It is inferred that core values, emotional attachment and loyalty of the employees improve the risk taking ability of this organization. It is also observed from the analysis that the job recognition in the organization boosts organizational growth while pessimistic commitment of the employees restricts its growth.

## **SUGGESTIONS**

- Organization to take effort to conduct fair performance evaluations; it will inculcate a sense of organizational attachment in the minds of employees, which in turn result in optimistic attitudes towards organizational culture.
- Adoption of modern technical equipment and strengthening of risk taking capability on infrastructure will improve the climate of the organization.
- The authorities are recommended to take an effort to identify employees with pessimistic commitment. Then they may be guided through appropriate training programmes and minimize their grievances and provide necessary facilities to their employees. It will enable them to realize the importance of organizational commitment.
- Personnel and Administration Department to take necessary steps to address the human resources shortage and take an effort to fill-up the vacancies and utilize available resources more effectively to run the plants continuously and effectively in future.
- Organization to take the appropriate steps to offer better compensation, work-life balance and career growth opportunities for the employees, especially to the non-supervisory level employees. It will enhance the goal achievement of this concern.

## **CONCLUSION**

The study is mainly aimed to identify the impact of organizational culture, climate and commitment on organizational effectiveness with reference to Madras Fertilizers Limited, Chennai. The study observed that various dimensions of organizational effectiveness, viz. adaptability, change management, achievement, risk taking capability and organizational growth has significant correlations with the organizational culture variables, climate variables and commitment variables. Therefore it is concluded that the invaluable variables such as, positive or strong organizational culture, conducive work environment (organizational climate) and optimistic commitment of the employees have strong impact on organizational effectiveness of Madras Fertilizers Limited.



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