Relationship Between Perceived

Organizational Climate and Job Satisfaction

by

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DEDICATION

Specially dedicated to my beloved parents

who do not understand this work,

but

fully understand on how to give me

THE BEST in my life.

ACKNOWLEDGEMENTS

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ABSTRAK

Tujuan penyelidikan ini ialah untuk mengkaji hubungan antara persepsi iklim organisasi dan kepuasan kerja di kalangan pengeluaran operator wanita di salah sebuah kilang elektronik antarabangsa di Zone Perdagangan Bebas, Bayan Lepas, Pulau Pinang. Kajian ini juga bertujuan untuk mengetahui samada hubungan ini dipengaruhi oleh umur, jumlah tahun berkerja dan tahap pelajaran. Data diperolehi daripada 111 pengeluaran operator wanita. Keputusan yang diperolehi daripada kolerasi (corrlation) menunjukkan terdapat hubungan yang signifikasi antara persepsi iklim organisasi dengan kepuasan kerja. Keputusan ANOVA menunjukkan persepsi iklim organisasi adalah sangat mustahak kepada kepuasan kerja tetapi bukanlah di pengaruhi oleh faktor umur, jumlah tahun bekerja dan tahap pelajaran.

ABSTRACT

The objective of this research was to study the relationship between perceived organizational climate and job satisfaction among the female production operators in one of the electronic manufacturing industries located in Free Industrial Zone, Bayan Lepas, Penang, Malaysia. The study also examined if this relationship was influenced by moderating variables like age, years of service and educational level. Data were obtained from 111 respondents. Correlation results indicated that the relationship between perceived organizational climate and job satisfaction was significant. ANOVA results showed that perception of organization climate was important for job satisfaction but the relationship was not influenced by the moderating variables; age, years of service and educational level.

Chapter 1

INTRODUCTION

1.1 INTRODUCTION

As one travels across a continent, one can feel the difference in geography and climate. Similarly, climates are found to vary in every organization. One can feel the difference in each organization's personality, uniqueness, characteristics while moving from one organization to another. Each organization has its own unique constellation of characteristics and properties. Organizational climate is the term used to describe this psychological structure of organization (Dubin, 1984).

The interaction between individual personalities and organization's situation creates the uniqueness of each organization. Getting a job done is often easier than moving ahead steadily in the same organization. People always find problems to accept or respond to the organizational climate that they belong to. A person's satisfaction with his or her job is related to the organizational climate in which he or she lives, even extending to the area where one lives (Haller, 1977).

Lawler *et.al* (1974), indicated that each organization has a climate which arouses individual's need for power, affiliation or achievement. Results from the past studies show that the organizations with the "achievement climate" are significantly more productive and innovative than the organizations with the "power" and "affiliation" climates.

The individual in the organization is faced with several questions on the perception of organizational setting in which he or she is working. They want to know; what is the optimum environment for an individual? How do personalities relate to the "personality" of the settings? Conflicts between individuals and organizations are inevitable.

For the individual, there is the important question - which climate suits me best? It is also a question to which the answer may change with time and with circumstances. People tend to move around to search for an organizational climate that matches their needs. For example, the person who likes to participate in decision making may be more comfortable in a democratic climate than in an autocratic one. Does it also mean that working in a climate that suits his/her personality will also lead to a high degree of job satisfaction?

1.2 Definition of Key Terms

The definition of organizational climate faces problems due to the absence of an adequate theory. However, despite inadequacies, there have been a number of attempts to account for this process and explain how organizational climates are developed.

1.2.1 Organizational climate

There are various ways through which the construct of climate can be defined. One of the most widely cited definitions of organizational climate is that by Litwin and Stringer (1968). They viewed organizational climate as : " a set of measurable properties of the

work environment, perceived directly or indirectly by the people who live and work in this environment and assumed to influence their motivation and behavior".

Moran and Volkwein (1992) explained how organizational climates are formed. They summarized them into four general categories. They are "the structural," the "perceptual," the "interactive" and the "cultural approach". A brief description of these four approaches follows:

(1) The Structural Approach

Climate is regarded as an objective manifestation of the organization's structure. It forms because members are exposed to common structural characteristics of an organization. As a result of this exposure, they have similar perceptions. The similarity in perceptions represents their organization's climate. There are a few problems with this approach. It cannot account for groups within the same organization forming different climates. Organizational structural characteristics are often inconsistent with the climate. Inadequate consideration of subjective response to structural characteristics does not consider the interpretative processes of groups in forming climates.

(2) The Perceptual Approach.

This approach acknowledges that individuals respond to situational variables in a manner that is psychologically meaningful to them. Climate is a description of the psychological processes of organizational conditions. Some of the problems with this approach consist of the perceptual process itself. By placing the source of climate entirely within the

individual perceiver, it denies the possibility of a "composition theory" or explanation for the formation of climate as an organizational property. Secondly, it assumes that meaning is something individuals bring to and impose on a situation, rather than create through interaction with others.

(3) The Incentive Approach.

Basic contention in this approach is that the interaction of individuals in responding to their situation brings forth the shared agreement which is the basis of organizational climate. However, this does not consider the broader context, or the extent to which a shared organizational culture influences interaction among group members.

(4) The Cultural Approach.

According to this point of view, organizational climate is created by a group of interacting individuals who share a common, abstract frame of reference (i.e. the organization's culture), as they come to terms with situational contingencies. However it requires continuing clarification of the relationship between organizational culture and climate.

Joyce and Slocum(1979) have suggested the following characteristics of organizational climate :

First, all climates are held to be perceptual and psychological in nature, whether we refer to the climate of organization, division, or subgroup of the organization. Therefore,

individual, group or organization climate represents perceptions held by members of social units.

Second, all climates are abstract. People normally utilize information about other people, and about the actions of the organization, to form summary climate perceptions. When individuals report on their climate, they sum up either their experiences or their sense of others' experiences, and then they form a cognitive map of the organization.

Third, since climates are perceptual and abstract, they are held to be subject to the same principles of perceptions as other psychological concepts. When these principles are utilized in the perception of work settings, a multidimensional description results.

Finally, climates are considered to be predominantly descriptive rather than evaluative in nature. That is to say, most climate researchers ask individuals to tell what they see in their work environment rather than asking them to label what they see as good or bad.

For the purpose of this study, organizational climate refers to a set of properties of the organizational characteristics and processes that are perceived by employees who work there and serve as a major force in influencing their job behaviour.

1.2.2 Job satisfaction

Job satisfaction is defined as individuals' cognitive, affective and evaluative reactions toward their jobs (Greenberg and Baron, 1993). In simple forms, job satisfaction explains what makes people want to come to work, feel happy and decide not to quit

from the job.

Thus, job satisfaction or dissatisfaction depends on a large number of factors, ranging from where employees have to park their cars and whether the boss calls them by their first name to the sense of achievement or fulfilment that they may find in their work.

Nash (1985) indicated that job satisfaction is attributed to not one but many factors that vary in their impact on an individual's satisfaction with life because work varies in importance from individual to individual.

He also found that people who take their job as prime interest, experience high levels of job satisfaction. Their job satisfaction will further be enhanced if they are doing work that uses their skills. In addition to this, job satisfaction is an indicator of an employee's motivation to come to work which may change with age and employment cycle.

Job satisfaction varies as a function of age, health, number of years worked, emotional stability, social status, leisure and recreational activities, family relationships, and other social outlets and affiliations. Also, personal motivations and aspirations and how well are they fulfilled can influence the attitude employees have towards their work.

For the purpose of this study, job satisfaction was accepted as the end result feeling caused by a host of factors that cause an employee to say " I am satisfied with my work".

1.3 Organizational Climate and Job Satisfaction

Several authors have noted that climate is a perceptual description of the work environment whereas job satisfaction is a person's affective evaluative response to aspects of their job (Hellriegel and Slocum, 1974). However, the relationship between the perception of organizational climate and job satisfaction is one of the issues that has generated a considerable amount of debate among researchers in the field. There is evidence to suggest that climate and job satisfaction by and large correlate, while a few studies suggest that it may not be so. Keenam and Newton (1984) found that organizational climate contributed the most variance to job satisfaction.

1.4 Research Problem

Since organizational climate has been found to have some effect on job satisfaction, this study examines if there is a relationship between perception of organizational climate and job satisfaction in one of the multinational organizations located in Free Industrial Zone, Penang, Malaysia. This research will concentrate on the production operators in the manufacturing company. Female production operators are selected to be the unit of study for this research for the following reasons :

1. Production operators are in high demand by almost all the industries located in Penang and Malaysia as a whole. The production operators average turnover rate from January to December 1995 according to a survey done by Management Information Services Sdn. Bhd. (Compensation Report, 1996) is 48% in the Northern region (inclusive Penang, Kedah and Perlis). The average wage increase

in Malaysia according to this survey is 9.5% in 1996 and expected to be 9.3% in 1997. The demand for production operators especially female will not decrease and obviously salary increment and raise of fringe benefits are not the only solution to sustain the production operators. There must be some ways by which the organization can retain the female production operators. Improving the perception of organizational climate is perhaps one of the answers.

2. Research on perception of organizational climate and job satisfaction is commonly conducted in the West but this research is not popular in Malaysia.

3. Research on perception of organizational climate and job satisfaction is targeted at higher position like manager, engineer, officer, supervisor but not on production operator.

Chapter 2

LITERATURE REVIEW

2.1 Literature Review

There has been a long standing interest as well as controversy on the study of organizational climate among organizational researchers. The reason organizational climate is considered to be important is because of its proposed relationship to other organizational phenomena.

Relationships have been found between organizational climate and job satisfaction, job performance, leadership behaviour and the quality of work group interaction (Schnake, 1982). In addition to this, organizational climate has been shown by numerous studies to influence the attitudes and behaviours of individuals in organizations (Field and Abelson, 1982).

Schneider and Snyder (1975) studied the relationship among two measures of job satisfaction, one measure of organizational climate, and seven production and turnover indices of organizational effectiveness in 50 life insurance agencies (N=522) for managers (n=45), assistant managers and supervisors (n=209), secretaries and stenographers (n=79), in-house trainees (n=146) and brokerage trainees (n=43). This studied argued that a logical and empirical distinction between the concepts of organizational climate and job satisfaction is possible if :

1. Organizational climate is conceptualized as a characteristic of organization which is reflected in the descriptions employees make of the policies, practices and conditions which exist in the work environment, and

2. Job satisfaction is conceptualized as an affective response of individuals which is reflected in the evaluations employees make of all the individually salient aspects of their job and the organization for which they work.

In exploring similarities and differences between a measure of climate and two measures of satisfaction it was shown that (Schneider and Snyder, 1975) :

1. Responses to two measures of satisfaction were more related to each other than they were to the responses to a measure of climate.

2. Respondents, when grouped by position level within an organization, tended to agree more on the climate of their agencies than they did on how satisfied they were.

3. Climate and satisfaction perceptions were more highly correlated for people in some positions than for people in other positions.

4. Those persons who described the climate of their agencies in what would traditionally be thought of as the most "positive" sense were not necessarily the most satisfied.

5. Neither climate nor satisfaction perceptions were strongly related to available production data.

6. Satisfaction perceptions tended to be more closely related to the turnover data available for the year following the administration of the questionnaire than were climate perceptions.

LaFollette and Sim (1975) studied to find out whether organizational climate is redundant in job satisfaction. Their respondents, total 1161 employees, included registered nurses, licensed practical nurses, nurse aids, technologists, therapists, dietitians, technicians, clerical, building and janitorial services. The respondents provided a rich environment in terms of the variety of skills and professions encompassed in one organization. The result shows that organizational climate and organizational practices were found to be related to job satisfaction. However, climate and practices related to performance in a different manner than the satisfaction/performance relationship, which did not tend to support the redundancy hypothesis.

Pritchard and Karasick (1973) explored the influence of climate on behaviour by exploring the construct validity of a measure of climate and presenting data on the relationship between climate and job performance and satisfaction as well as the effects of interactions between climate and individual differences in values on performance and satisfaction. They examined 76 managers from two organizations. Their findings that organizational climate is highly related to individual job satisfaction than to individual performance, holds important significance.

This study provided strong evidence to the finding that satisfaction relates positively to individuals' perceptions of the supportiveness and friendliness of the climate, how effectively it deals with its operating and competitive problems, how well the climate rewards its employees, and the degree of democratization achieved in the organization. If the climate possesses these characteristics, it is likely that job satisfaction will also be present. However, if the dominant values of the firm are not consistent with high performance, (for example, an over emphasis on social relationships), one may not expect both performance and satisfaction to be related because such a climate will reward behaviour that is not necessarily related to effective performance.

One of the most important sets of findings from this study suggested that theoretically the relationship of climate to job behaviour and attitudes is best described as a combination of predictor and moderator variables depending on the climate factor examined. Certain climate characteristics directly predicted satisfaction with the climate.

A highly supportive climate is likely to be associated with higher satisfaction for most managers, regardless of individual personality characteristics. Yet, a climate low in centralization of decision making affects managers differentially. Managers high in need for autonomy and need for order tended to perform better in a highly structured climate.

Muchinsky (1977) carried out a study to examine the relationships among measures of organizational communication, organizational climate and job satisfaction. Six hundred and ninety five employees of a large public utility constituted the sample. The results

show that some of the dimensions of organizational communication (trust, influence, accuracy, directionality-downward, directionality-lateral, satisfaction with communication) were significantly related to all or most of the climate dimensions, while other dimensions of communication (gatekeeping, overload, written modality, other modality) were unrelated to any climate dimensions. The correlation between the communication dimensions of trust, influence, desire for interaction, accuracy, directionality-lateral, and satisfaction with communication correlated significantly with all or most of the job satisfaction dimensions, while the communication dimensions of overload and written modality were not significantly related to any job satisfaction dimensions.

Downey *et. al* (1975) carried out a study to test the proposition that organizational climate interacts with individual personality in influencing job satisfaction and performance. The subjects in this study were 92 managers from one industrial firm. These managers represented different hierarchical levels and functional areas in the firm and were with the organization for at least five years prior to the study.

The results showed that individuals with personality needs that require social contact and interdependence with others and who perceive the organization's climate as open and empathetic (in a human relations sense) and also setting high standards for achievement were more highly satisfied with their supervisor and pay than were those individuals with a similar personality needs structure but who perceived the organization's climate as closed, bureaucratic and impersonal. Individuals who were highly self-confident and who perceived that the organization clearly assigns responsibility and has clear-cut policies were more satisfied with their co-workers than

were individuals (regardless of their self-confidence) who perceived organization as unstructured. The same, however, was not true for those individuals who perceived the organization's climate as structured, but who were less self-confident.

The highly sociable individuals tended to be dependent on their environment for meaning, values and rewards. Highly sociable managers who perceived their climate as having a reward system characterized by encouragement, lack of threats, and generally humanitarian, performed better than those managers who perceived their climate in a similar manner but were less sociable.

Friedlander and Margulies (1969) using perception data from an electronics firm, studied the multiple impact of organizational climate components and individual job values on workers' satisfaction. They found that climate had great impact on satisfaction with interpersonal relationships on the job, a moderate impact upon satisfaction with recognizable advancement in the organization and relatively less impact upon self-realization from task involvement.

Koys and DeCotis (1991) examine two kinds of climate: psychological and organizational. The former was studied at the individual level of analysis while the latter was studied at the organizational level. Both aspects of climate were considered to be multi-dimensional phenomena descriptive of the nature of employees' perceptions of their experiences within an organization. Two researches were conducted separately on 367 respondents from managerial employees and 84 of managerial and professional employees. From over 80 differently labelled dimensions reported in the literature, they found that only eight dimensions of climate generally corresponded to each other.

They were autonomy, trust, cohesiveness, pressure, support, recognition, fairness and innovation.

Agno *et.al* (1993) found from 405 employees that the degree of which employees like their job was influenced by a combination of characteristics of the environment (opportunity), the job (routinization and distributive justice) and personality variables (positive affectivity and work motivation).

2.2 Organization Climate and Job Satisfaction in the Malaysian Context

Studies on the organizational climate in the Malaysian context are not many. In one of the studies, Poon and Ainuddin (1990), examined the relationships between organizational climate factors and measures of job satisfaction and job performance. Data were obtained from 462 employees of a large manufacturing company. The study indicated that organizational climate was significantly related to job satisfaction but had little effect on how employees view their own job performance. From the correlation analysis result, it can be seen that a clear positive relationship existed between risk, warmth and consideration, clarity of structure, performance standards, reward orientation and employees' overall satisfaction. The climate dimension of accountability, individual responsibility, egoism, conflict avoidance, and intimacy were, however, found to be inversely related to satisfaction.

Othman and Abdullah (1991) looked into areas like organizational climate, motivation and work values in influencing the productivity. They carried out a case study in five companies. The result showed that varies management style, techniques and policies

contributed to the productivity of these companies. Some of the more pertinent human and technological factors that had significantly influenced and enhanced the productivity levels of the respective companies were: dynamic organizational climate, employees' positive work values and opportunities for them to fulfil their needs in their work-related activities.

Saiyadain (1996) conducted a research to study the correlates of job satisfaction among Malaysian managers. Specifically, the influence of six personal characteristics (gender, marital status, age, education, annual income and experience) and four organizational factors (supervisory style, organizational commitment, organizational politics and work stress) on job satisfaction was examined. Data were collected on 256 and 386 managers for two separate studies. The results showed that gender and marital status did not influence job satisfaction. Age, years of education and experience were found to be linearly related to job satisfaction with significant deviation from linearity. Increase in income corresponded with increase in job satisfaction. As far as organizational factors are concerned, supervisory style and organizational politics and work stress correlated negatively with job satisfaction. The organizational factors tended to explain job satisfaction more than personal characteristics.

2.3 Conclusions from Review of the Literature

Perception of organizational climate and job satisfaction are related, but what is the nature of this relationship?

1. Individuals with different value systems are more satisfied in different climates, and that an individual's satisfaction with different aspects of work depends on different mixes of climate components.

2. The more an area of work is valued, the higher is the relationship between the climate and satisfaction.

3. Different climates contribute to different levels of job satisfaction from experiments.

2.4 Theoretical Framework

This study is designed to examine the relationship between perception of organizational climate and job satisfaction and the effect of the biographic factors on this relationship. The following theoretical frame work is proposed.
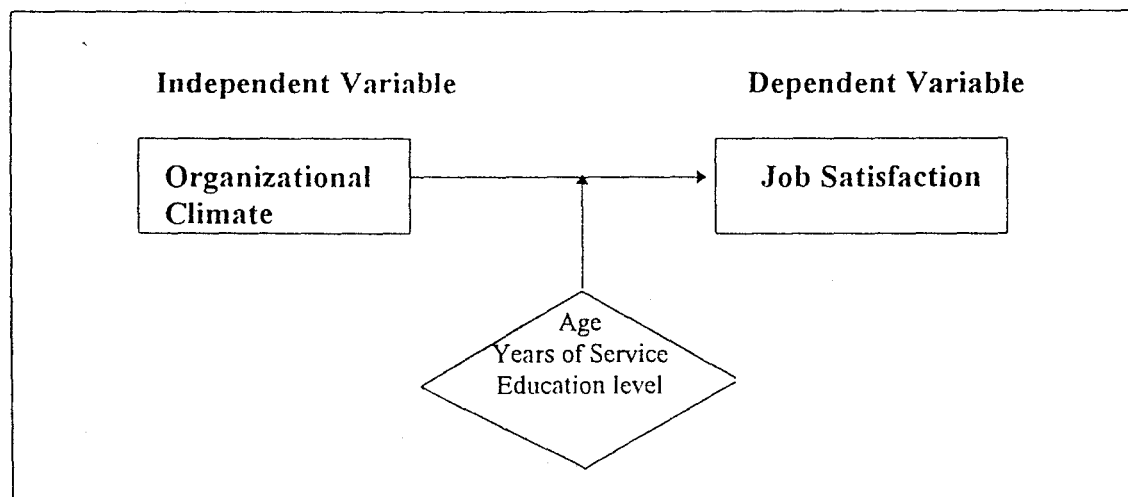
For the purpose of this research, organizational climate is used as independent variable and job satisfaction as dependable variable. The relationship between organizational climate and job satisfaction is moderated by age, years of service and education level.

2.4.1 Perception of organizational climate

The organizational climate construct is based on the assumption that individuals within a given subsystem or organization and at a given hierarchical level should have similar perceptions about their climate (Hrebiniak and Lawrence, 1972).

For the purpose of this study, organizational climate has been operationalized in terms of the perception of such aspects of organization as structure, responsibility, reward, risk, support, standards, conflict and identity.

2.4.2 Job satisfaction

There is a distinction between overall job satisfaction and satisfaction with various facets of the job. Since satisfaction with one facet of the job may be difficult to isolate because of the complex ways in which it may be intercorrelated with other facets, an overall measure of satisfaction may provide more dependable data. Overall job satisfaction describes a person's overall affective reaction to the set of work and work-related factors (Dunham, 1984).

2.4.3 Moderating variables

Hellriegel and Slocum (1974) concluded that many of the climate studies lack a systematic effort to determine whether perceptions of climate vary significantly when evaluated on the basis of such objective individual measures such as age, sex, years of service, organization practices and education level. Hence for the purpose of this

study, age, years of service and education level have been included as moderating

variables.

2.4.3.1 Age

As individuals get older, the life and working experiences gathered by them influence

their perception of organizational climate as compared to a relatively younger person.

Research shows that the younger workers tend to be less satisfied with their jobs than

are the older workers. This is due to the younger employees often entering the work

place with high expectations and become dissatisfied when their aspirations are not

fulfilled (Hodgetts, 1991).

2.4.3.2 Years of service.

The longer individuals have been in contract with an organization, the more difficult it

will be to change their perceptions of the climate. Over time, as a result of many

specific experiences, the summary perceptions that constitute the individual's concept of

an organization climate becomes less subject to change. It follows that the early

association with an organization, experiences of specific events may have more effect on

the summary perceptions than the experiences at a later time period. This might

account for the reported tendency of climate perceptions to remain consistent over time

(Greiner, et.al, 1968).

2.4.3.3 Education level

Educational level or number of years of education will influence a person's thinking and perception. The more educated individuals may vary in their perception of organizational climate as compared to those who are less educated.

2.5 Research Hypothesis

The following hypotheses are proposed:

1. There is a significant positive correlation between perception of organizational climate and job satisfaction.

2. The relationship between the perception of organizational climate and job satisfaction is moderated by age.

3. The relationship between the perception of organizational climate and job satisfaction is moderated by years of service.

4. The relationship between the perception of organizational climate and job satisfaction is moderated by education level.

Chapter 3

METHODOLOGY

This chapter presents the measures used for measuring independent and dependent variables, sample, and method of data collection.

3.1 Measurement

This study is designed to focus on the relationship between organizational climate and job satisfaction in Malaysia especially on the production operator in the manufacturing company. Organizational climate was measured by using a questionnaire developed by Litwin and Stringer (1968). The questionnaire consists of 50 statements measuring perception of respondents on such climate factors as structure, responsibility, reward, risk, support, standards, conflict and identity. Before actually using the questionnaire, a pilot test was done and some changes were made in the wordings of the questionnaire. The statements in the questionnaire were also translated into Bahasa Malaysia. Both the English and Bahasa Malaysia versions were presented to the respondents. They were asked to read each statement carefully and show their agreement/disagreement with the statements by using the following scheme. .

Strongly agree = 6

Agree = 5

Agree a little = 4

Disagree a little = 3

Disagree = 2

Strongly disagree = 1

Most of the studies on job satisfaction use either Job Descriptive Index (JDI) as developed by Smith *et.al.*(1969) or the Minnesota Satisfaction Questionnaire (MSQ) as developed by Weiss *et.al* (1967). These two measurements have been established as relatively standard instruments of studying job satisfaction. Of the two, the MSQ which measures overall job satisfaction is used for this research. It consists of 12 items. They were pilot tests and some changes were made in the wordings to suit local requirements. The items used were also translated into Bahasa Malaysia. The English and Bahasa Malaysia versions were presented to the respondents and they were asked to indicate their satisfaction/dissatisfaction by using the following scheme:

Strongly satisfied = 6

Satisfied = 5

Satisfied a little = 4

Dissatisfied a little = 3

Dissatisfied = 2

Strongly dissatisfied = 1

In addition, respondents were also asked to indicate information about their age, experience and educational level. A copy of the questionnaire is presented in Appendix

.2 Sample

The population of this study consists of production operators working in one of multinational manufacturing industries in the Bayan Lepas Free Industrial Zone, Penang. There are 650 production operators employed in this factory. Their names were

arranged in alphabetic order and every fifth operator was requested to fill out the questionnaire using a random sample design. Of the 130 questionnaires, 111 completed the questionnaire and returned to the researcher, constituting a response rate of 85.4%.

3.3 Data Collection

Data were collected in small groups. Groups of operators gathered at the company's training room. In order to allay any fears and suspicions and hence reduce respondent bias, the respondents were informed that the study was for academic purposes and not company-connected, and that their individual responses would be kept completely confidential. The respondents completed the questionnaire anonymously and took approximately 45 minutes to do so.

Chapter 4

RESULTS

This chapter presents the sample profile and the results of the study.

4.1 Sample Profile

Table 4.1 presents the profile of the respondents based on gender, age, race, marital status, education level and number of years working in the organization. As this research is to study the relationship between perception organizational climate and job satisfaction among the female production operator, therefore all the respondents consisted of females. While average age of the total sample was 26.83 years.

In terms of race, the Malay female operators were the largest group with 78% followed by the Chinese female operators 13% and the balance of 9 % were Indians. Most of them were single, 53 %, followed by married female production operators with 42%. Only 4 % were widow and 1 %, divorced.

In terms of years of service, the respondents have served the company for an average of 3.03 years. And, of all the respondents, an average education level was 2.18 with the majority completing their lower secondary school.

4.2 Perception Organizational Climate

The perception organizational climate was measured by using questionnaire designed