Climate Applications

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The climate of the organization is crucial in creating an effective organization. Climate is a part of the internal environment of the organization. Some people feel that climate results from physical layout of the company. The interior decor, the color-coordinated furnishings, the uniforms worn by the workers or the size of the offices may create a certain ambiance. Although such factors can influence workplace atmosphere, we have to define climate in a broader sense. The fabric of the organization that enables it to function and explain why it acts the way it does is called organizational culture or climate. It is defined as "the philosophies, ideologies, values, assumptions, beliefs, expectations, attitudes, and norms that knit an organization together and are shared by employees." All these behavioral concepts form an organization's consensus, implicit and explicit, on how to approach decisions and problems in the organization. In other words, climate provides a framework that explains "the ways things are done around here."

There are numerous examples of organizational culture and its impact on organizations. Delta Airlines stresses teamwork among employees, Hewlett-Packard believes in entrepreneurship and PepsiCo wants aggressive managerial behavior and competition both within and outside the organization.

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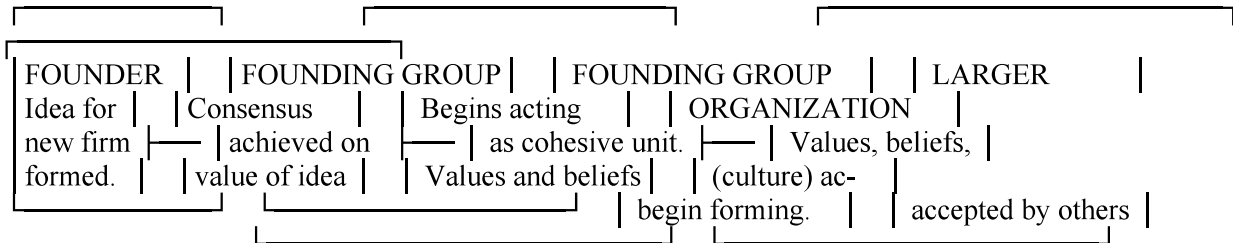
FORMATION OF ORGANIZATION CULTURE

Properties of the business environment in a workplace observed by staff that strongly influence their actions and job performance. For example, a perceptive business manager might take the trouble to survey employees about the organizational climate to identify and promote those aspects that are most conducive to achieving corporate objectives. Also called corporate climate.:

There are different types of climates that have been created by the culture of an organization that can be categorized as follows:

- People-oriented climate; It is a climate that focuses on perceptions of individuals who are working in the organization.
- Rule-oriented climate; It is a climate based on established rules, policies and procedures in an organization.
- Innovation-oriented climate; It is a climate that encourages creative or new ways of doing tasks.
- Goal-oriented climate; It is a climate that focuses on achieving organizational goals.

There are not well-developed theories regarding formation of an organizational culture. Edgar Schein suggested that the best way to study the climate may be to observe what happens in a new company. The development of climate is shown in the figure below:

FIGURE 1

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┌──────────┐        ┌───────────────────┐        ┌─────────────────────┐
│FOUNDER │  │FOUNDING GROUP│  │FOUNDING GROUP  │  │LARGER          │
│Idea for │  │Consensus    │  │Begins acting   │  │ORGANIZATION    │
│new firm ├──┤achieved on  ├──┤as cohesive unit.├──┤Values, beliefs,│
│formed.  │  │value of idea│  │Values and beliefs│  │(culture) ac-  │
└──────────┘  └─────────────┘  │begin forming.  │  │accepted by others│
                                └─────────────────┘  └─────────────────────┘
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Founders often start with a theory of how to succeed; they have a climate model, which is based on their experiences in the organizational climate in which they have worked. When a founding group is involved, the climate model comes from the way the group agrees to a single model of the way things should be done.

The climate shows the interaction of beliefs and experiences of founders and members of the founding group. The following beliefs may remain quite stable over time:
1. The customer is the key to our success, so we must be totally dedicated to customer service.
2. Ideas can come from anywhere in this organization, so we must always maintain a climate of openness.

In contrast, the following beliefs may change with the experiences of founders.
1. The only way to build a successful business is to invest no more than 10 percent of available funds in any project. This belief may change to 'the amount of funds that can be invested will vary with risk and opportunity but will rarely exceed 20 percent of available funds.'
2. To successfully manage a growing and emerging business, the best way is to closely supervise everybody, 'we will hire and train the best people and give them authority and responsibility to achieve their stated goals.'

IMPLEMENTING THE CLIMATE

The basic process for implementation of climate in the organization is a teaching process through which accepted behaviors and activities are learned.

There are many mechanisms to implement climatic elements in an organization. Some important elements are as follows:
1. Formal Statements: It includes organizational missions, creeds, and charters directed toward relations with customers and employees.
2. Design of Physical Space: The design of building and offices can send messages to employees and visitors. A high-rise building with reserved parking spaces and offices that are elegant and isolated from employees reflects a different image from a sprawling two- or three-story complex without reserved parking and with open-plan offices.
3. Role modeling: It emphasizes on how leaders behave toward teaching and coaching employees. For example, a manager criticized subordinates in front of others, while in another organization, executives support subordinates by practicing the concept of "managing by walking around."
4. Explicit Symbols: It includes reward and bonus systems, status symbols and promotion criteria.
5. Stories, Legends, and Myths: Stories related to the founding of the firm, some true, some legend, help implement a culture.
6. What leaders Pay Attention To: It involves the interest and attitude of managers toward control (loose or strict). Are they interested in daily reports and employee attendance?

7. Reactions to Crises: Leaders' reactions to crises in absence of clear norms may indicate much about an organization.
8. Organizational Structure: It emphasizes centralization or decentralization, strict command chains, one- or two-way communications, who reports to whom, etc.
9. Organizational Systems: It includes factors such as who controls information, who gets what information, time of performance evaluation, and who makes decisions.
10. Employee Policies: It expresses the culture more clearly; for example, policies regarding hiring, selection, training, placement, promotion, layoffs and retirement.

Though all of these factors work together, not all are equally important. Among the elements which have more impact are role modeling, what people pay attention to, and reactions to crises.

IMPACT OF CLIMATE ON ORGANIZATION PROCESSES

Organizational culture can have a significant impact on the organization and its employees. Three elements determine the impact of culture on the organization: direction, pervasiveness and strength. The course of action involves the direction of cultural impact. It is concerned with how cultural elements and strategy for success interact, for example: if the present direction or strategy is successful in an organization, then a culture that maintains a "don't rock the boat" philosophy may be appropriate. On the other hand, if an organization is becoming more entrepreneurial then the above philosophy may prove ineffective.

Pervasiveness is the degree to which its culture is widespread among employees, i.e., is the climate seen the same way or differently by all members? If members of a particular unit are behaving in a different manner, then reaching a consensus will be difficult.

Strength of the impact of climate is the pressure exerted by a climate on employees, i.e. the culture may be so strong that their employees follow whatever it says, or it may be somewhat weak, giving only a basic outline to employees.

Shared beliefs and values among employees can make communication better and easier, can generate better cooperation and commitment, and can simplify decision-making. These are explained in detail in the following table:

TABLE 1
EFFECTS OF A STRONG ORGANIZATIONAL CULTURE

PROCESS	EFFECT	EXAMPLE
Communication	Employees need not communicate items on which there are shared beliefs; receiver should understand why something was not communicated.	A manager declines to be quoted in a newspaper without first clearing his comments with higher-level executives.
Cooperation	Employees willingly cooperate rather than being forced to cooperate.	Air traffic controllers avoid bottlenecks and slowdowns by adapting to the situation (i.e., speed up takeoffs and landings instead of following rules strictly).
Commitment	When facing a new situation or major decision, managers first consider the impact on the organization	Managers consider the effect on existing employees of hiring someone from outside the firm.
Decision Making	Strongly shared beliefs and values establish a consistent set of assumptions on which to base decisions.	In poor economic times, employee are transferred to other units before they are laid off or terminated.

Source: Adapted from Vijay Sathe, "Implications of Corporate Culture: A Manager's Guide to Action," Organizational Dynamics, Autumn 1983, pp. 10-12.

As far as efficiency is concerned, when a person shares the inherent beliefs of the climate and behave according to the climate, he or she can be considered as a "good soldier." When there is non-conformity to climate, the person may be considered a "rebel." Thus, such climates would seem to enhance efficiency of the organization by making activities easier to understand.

Climate can have positive impact on effectiveness if it directs the employees toward goal achievement and force members to accept the norms of the organization.

On the other hand, climate can have negative impacts, too. If a climate directs employees away from the goals and pushes employees to follow a less effective direction, then the climate may be counterproductive.

HOW AN ORGANIZATION CLIMATE CAN BE CHANGED

The initial issue to be considered here is why the climate needs to be changed? We should examine the following issues:

1. Corporate Strategy Has Changed: For some reason or another, the direction and goals of the firm have changed, possibly requiring a change in the climate. Similarly, some external and internal changes may force an organization to alter its climate.
2. Top Management Has Changed: If the new management wants an organization to operate and function differently than the old one, then it may force some changes in the climate of the organization.
3. The Present Culture Does Not Work: If most employees and top management feel that things must change to improve the efficiency, productivity and effectiveness of the organization, then the climate may need to be changed.

Apart from these, the management must know how deep-rooted the present climate is. Thus, it may help the management to know how much effort should be implied to change the climate. And, it should consider the potential problems that can emerge due to a change in the climate. Moreover, most multi-divisional companies may have more than one climate, so the management should know whether it has to change them all or only a few or maybe just one.

The following three strategies can be adopted individually or combined to change the climate of an organization:

1. Formal, Top-Down Directives: It includes simple statements or orders--- usually in a meeting or in the form of a memo---that implies that you will change the way things operate or else, i.e., a person adapts to a new climate or gets out.
2. Task Forces and Teams: Task forces or teams can be formed to examine a problem and find solutions or suggest improvements for change by the management (old or new). It will help in building organizational loyalty and goal commitment.
3. Reward System Changes: Rarely, a change in the climate of an organization will be successful without changing the reward system. People will usually change their attitudes and behaviors if they are suitably rewarded for doing so.

CASE STUDY: JOHN'S NEW SALES JOB

After being notified that the company had decided to hire him, John reported to his new job on Monday morning. The new sales job presented a new challenge and opportunity. John was assigned to an office in the City of Lockport, located about twenty miles north of the City of Buffalo. Although the commute was a little more than he had hoped for, he saw it as an opportunity, and looked forward to the day he might one day work in the Buffalo office.

John arrived promptly at 9:00 a.m. Monday morning. The Lockport office was located in a neighborhood shopping complex. The complex contained mostly boutique and specialty stores on the first floor with apartments on the second floor. As he walked into the office, he was quite surprised at how small the office was (800 square feet).

After a couple of hours of orientation by the office manager, he was shown a small room, which contained three desks with telephones. He was told that he was free to use any desk that was not currently occupied by someone else. The office manager extended her arm, shook his hand, and said "welcome to the company and good luck." As she turned and walked away, John pondered to himself, "What am I supposed to do?"

John quickly learned that twelve full-time salespeople worked out of this three-desk office. At times, situations occurred where there was not even a desk or telephone available for him to use.

John watched other employees to observe how they generated clients and sales. He quickly learned that most employees had a very negative attitude towards each other, including John. Because of the inter-office competition that existed, no one was willing to share ideas or thoughts.

When John questioned the office manager concerning goals, activities, and strategies, the manager chuckled and said, "get as many sales as possible."

After two months of not having any direction, training, meetings, evaluations, or feedback, John quit his job and went back to his former employer.

What types of "climate" problems did John encounter on his new job? Suggest some solutions to the problems you reveal.

SUGGESTED SOLUTION/DISCUSSION

There are several "climate" type problems associated with this case. The various problems that we will discuss include office location, office size, office facilities, bad overall organizational climate, lack of climate implementation, lack of mentors, no organizational structure, and no organizational systems. Each of these individual problems, when added together, make for an overall poor climate in this particular organization.

Each and every piece of the climate sends a message to everyone within the organization and everyone outside the organization upon whom it impacts.

For example, the location of the office, in and of itself, tells us something about the organization. An image of the organization is perceived by everyone effected by the organization. John stated that the office was located in a neighborhood shopping complex containing boutique/specialty retail stores and apartments. Some people (employees, customers, etc.) will perceive the store as concerned about the neighborhood and serving the needs of local residents. Others, however, may perceive it as too cheap to afford a prime commercial location or even an unsuccessful business. Yet others may perceive it as a new business.

The important thing to consider is what image or climate did you intend to create, what climate is actually being perceived, and if the perception is negative in any way, what alternatives do we have available to solve this problem.

Like location, the size of the office and the facilities itself contribute to the climate of an organization. The case stated that John was surprised at the small size of the office and the lack of desks and telephones. It was obvious that the lack of proper facilities impacted John's opinion of the organization in a negative manner.

What kind of message is being received by employees when they arrive at work to find ten employees standing in line to use three desks or three phones? Imagine the frustration that the employees probably experienced as a result of this climate.

Possible solutions may be temporary or permanent in nature. For example, the likely solution would be to expand the office space by either leasing a new facility or building a new building to accommodate the needs of the organization. The new location, expanded size, and availability of desks and phones for each employee, would go a long way towards implementing a favorable climate.

It is possible that, due to financial considerations, the organization may not be in a position to lease a larger facility or build a new one. In this case, the organization might have to consider assigning times when employees could use the limited number of desks and telephones. For example, in this case each employee might be assigned a two-hour time slot each day, so that all the desks and telephones were fully being

utilized, and no one was wasting time standing in line. Employees might also be encouraged to use the phones in their residences. (Consideration of some type of stipend to compensate them for using their home phones might also be considered.)

Although the solution just mentioned may not be as desirable as a new facility, it recognizes a problem, attempts to deal with the problem, and most importantly sends a message or creates an atmosphere that "we care and are trying to help you." Ignoring the problem allows a bad climate to become worse. Remember that climate can have a very positive effect if it directs employees towards goal achievement and the acceptance of organizational norms.

The overall organizational climate is affected by much more than the physical conditions that we have discussed hitherto. Although the physical conditions need to be considered, the organizational climate is also impacted by corporate strategies, management style, training programs, evaluation appraisals, communication, cooperation, commitment, decision making, employee policies, and the organizational structure. All these items will play a role and contribute to the overall organizational climate.

In this particular case, John received no training, no evaluation, no communication, no cooperation, and little, if any, commitment. He had no idea what the employee policies were or even the structure of the organization.

It appears that management has failed miserably at managing, and especially communicating. The inability or unwillingness of management to provide, create, or favorably change the climate of an organization can and does have a measurable impact on the profitability and ultimately the survival of the organization itself.

It is self-evident, in this case, that management has much work to do to implement a more favorable organizational climate. The successful implementation of a favorable organizational climate will improve the efficiency, productivity, and effectiveness of the entire organization.

In this particular case, a favorable climate change will not be easy. Management needs to change just about everything it does. It needs to establish a policies and procedure manual, a training program, an evaluation/appraisal program, establish a network for proper communications, establish corporate goals and strategies, and establish an organizational structure.

Many of these changes might be implemented through directives issued in memorandums or meetings. Other changes might have to be implemented through reorganization, formation of task forces, or changing the reward system.

This company has learned a valuable lesson only if it recognizes why John left and implements climate changes that attract and retain valuable employees.

SUMMARY

As you can see from the information presented, climate plays an important role in the functions of management. Climate is never-ending because the world is ever-changing and can have a very crucial say in the success and survival of an organization. One of the tools that can be utilized is a climate survey. A climate survey is typically an anonymous questionnaire quizzing employees about how they feel about their workplace environment. These surveys can be helpful to company leadership as they are a window into how the company is doing regarding communicating with employees, payment, treatment etc. Climate surveys can sometimes be painful to leadership, but they are an important tool if management is interested in improving the climate of the organization.

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