

PERCEPTION OF ORGANIZATIONAL CLIMATE AMONG BANK EMPLOYEES: A COMPARATIVE STUDY OF PUBLIC AND PRIVATE SECTOR BANKS

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ABSTRACT

In the field of organization behaviour, vast area of research is carried on the area of organizational climate. The concept originated with Human relations movement and changed the focus of researchers from hard physical to soft psychological environment. Several times the term is confused with the organization culture and is often used synonymously. The research study aims to examine and compare the organizational climate in selected public and private sector bank. Data is collected on perception of bank employees on various dimensions of organizational climate. The result revealed significant difference in the perception of public and private sector bank employees about various dimensions of organizational climate.

KEY WORDS: *Organizational climate, Bank, Public Sector and Private Sector Bank*

1.0 INTRODUCTION

Liberalization and globalization had significant impact on the banking sector. Indian Banking sector has grown tremendously and is on the verge to become fifth largest by 2020, according to the joint report of KPMG- Confederation of Indian Industry. Further the report also includes that in coming years the bank credit is expected to grow at compound annual growth rate of 17%. Banks have important role in economic development of any country as it contributes through the way of encouraging saving habits among the people and capital formation, aids in creating employment opportunities, provides monetary assistance to trade and industries, brings balanced development, assistance to agriculture sector and encourages the new entrepreneurs.

The Banking Regulation Act, 1949 defines bank as “a company which carry out the business of banking in India.” It is also defined as a financial institution that accepts money from the public for carrying out the function of providing loan or withdrawable by cheques, drafts and or investment repayable on demand or otherwise.” The Indian banking structure in India comprises of Reserve bank of India (RBI) also known as Central bank that regulates Non Scheduled and Scheduled banks. Scheduled banks are further classified as

commercial and cooperative banks. Commercial bank comprises of various private, public, foreign and regional rural banks. The banks in which more than 50% of the shares are hold by government is called public sector banks while private sector banks are owned by private shareholders and managed by elected board of directors.¹

Human Resources has pivotal role to play in the success of any organization. In the era of cut throat competition human resources are the most valuable asset as it provides competitive edge over competitors and banks are also not an exception to this. Hence every bank should attempt to provide positive and encouraging organizational climate to its employees. Researchers have defined the term Organizational climate from varied perspectives. Hellriegel & Slocum (1974) defines organizational climate as “set of attributes perceived about a specific organization and its subsystems and these perceptions are formed based on how organization and its subsystems deals with its members and environment.”²

2.0 REVIEW OF LITERATURE

K.B. Akhilesh and S. Pandey (1986) compared organizational climate of public and private sector bank. The questionnaire included the dimensions such as organizational

role clarity, performance standards, team work, conflict potentiality, role associated responsibility and recognition. The study was conducted in one public sector and one private sector bank of Bangalore city. T test was used to analyse the data. The findings of the study conclude that organizational climate of public sector bank was different from the private sector bank. The public sector bank had affiliation – orientation climate while in private sector bank climate was found slightly to be task oriented.³

Minwir M. Al Shammari (1992) differentiated organizational climate from other associate concepts like job satisfaction, corporate culture and leadership style. The research paper concluded that organizational climate and job satisfaction were related concepts but not the same. Organizational climate and the term culture have been used synonymously but they do have some methodological differences while the term climate and leadership style have major theoretical and methodological differences.⁴

Hamid Reza and Ramzan Jahandari (2005) studied organizational climate of Kerman Shahid Bahonar University. The research study made comparison of existing and desired organizational climate at the University with Halpin and Croft opinions. The results of the study revealed that the organizational climate of Shahid Bahonar University of Kerman has been somewhat closed which might decrease the motivation of the personnel.⁵

Jianwei Zhand, Yuxin Liu (2010), studied organizational climate in enterprise in China and its effects on Organizational Variables. Characteristics of organizational climate were classified into two: Individual characteristics and Organizational characteristics. Individual characteristics comprised of individuals’ educational level, position, the length of time working for the current enterprise. While organizational characteristics of organizational climate were studied from three aspects: speciality, enterprise size and enterprise characteristics. MANOVA result revealed that individuals with different educational level had different perception about the rules, performance communication and promotion climate. The perception of organizational climate was more positive with the promotion of position and perception of employees was varied with different length of time working for the enterprise.⁶

Nagaraju & Pooja (2017) made a comparative study of perception of employees about organizational climate of public and private sector banks. The result of the study revealed that organizational climate of public and private sector banks under study was significantly different.⁷

3.8 Reliability Statistics

Table no. 1: Dimensions of organizational Climate and its Reliability Alpha Score

Sr. No.	Various dimensions of Organizational Climate	No. of Items	Cronbach’s Alpha
1	Structure of organization	03	.617
2	Leadership and Management style	05	.764
3	Culture of Organization	10	.833
4	Training & Development	03	.608
5	Pattern of Communication	03	.690
6	Performance Appraisal	03	.709

Cronbach’s Alpha score was used to check the reliability of the data. The above table shows the Cronbach’s alpha

3.0 RESEARCH METHODOLOGY

Research methodology comprises of the following:

3.1 Objectives of the Study

- To determine and compare the perception of various aspects of organizational climate in selected two banks.
- To uncover the difference in perception of organizational climate between employees of selected two banks.
- To make suggestions to banks for improving their organizational climate.

3.2 Hypothesis

H₀: There is no significant difference in perception regarding various aspects of organizational climate between public (PNB) and private sector bank (HDFC).

3.3 Research Design

The research study has descriptive research design as it attempts to examine the perception of employees about various aspects of organizational climate.

3.4 Methods of Data Collection

3.4.1 Secondary Data

Various journals, books and websites were referred to collect the secondary data.

3.4.2 Primary Data

Primary data was collected using structured non disguised close ended questionnaire.

3.5 Sampling Decisions

For the purpose of research study, the target population was selected from one public sector bank viz. Punjab National Bank (PNB) and one private sector bank viz. HDFC of Vadodara city of Gujarat. The sample population consisted of 180 bank employees out of which 90 respondents belonged to public sector bank and 90 to private sector bank.

3.6 Research Instrument

The research study used structured non disguised closed ended questionnaire. The questionnaire was divided into two sections. Section A comprised of demographic profile of the respondents and section B comprised of various aspects of organizational climate namely: structure of organization, leadership and management style, culture of organization, training & development programmes, pattern of communication and performance management.

3.7 Tools used for Data Analysis

The collected data was analysed with the help of SPSS software package. Mean and T test were used to determine the perceptual difference between public and private sector bank employees towards various aspects of organizational climate.

score for the various dimensions of organizational climate.

4.0 DATA ANALYSIS

Table no. 1: Demographic Profile of Respondents

Sr. No.	Demographic Profile		Public sector Bank (PNB)	Private Sector Bank (HDFC)	Total
1	Gender	Male	64 (71.1)	50 (55.6)	114 (63.3)
		Female	26 (28.9)	40 (44.4)	66 (36.7)
2	Marital Status	Married	60 (66.7)	66 (73.3)	126 (70.0)
		Unmarried	30 (33.3)	24 (26.7)	54 (30.0)
3	Age	Below 25	21 (23.3)	21 (23.3)	42 (23.3)
		25-35	32 (35.6)	46 (51.1)	78 (43.3)
		35-45	14 (15.6)	14 (15.6)	28 (15.6)
		45-55	19 (21.1)	9 (10.0)	28 (15.6)
		Above 55	4 (4.4)	0 (0.0)	4 (2.2)
4	Qualification	Up to HSC	14 (15.6)	4 (4.4)	18 (10.0)
		Graduate	40 (44.4)	31 (34.4)	71 (39.4)
		Post Graduate	36 (40.0)	55 (61.1)	91 (50.6)
5	Length of Service	Below 5 yrs	34 (37.8)	27 (30.0)	61 (33.9)
		5-10 yrs	20 (22.2)	29 (32.2)	49 (27.2)
		10-15 yrs	14 (15.6)	22 (24.4)	36 (20.0)
		15-20 yrs	17 (18.9)	12 (13.3)	29 (16.1)
		Above 20 yrs	5 (5.6)	0 (0.0)	5 (2.8)

Table no. 3: Structure of Organization

STATEMENTS	PNB		HDFC		Overall		T-Value	P-Value
	Mean	SD	Mean	SD	Mean	S.D.		
Goals and objectives of organization are clear.	3.92	.343	3.91	.414	3.92	.379	0.196	0.399
Roles & responsibilities are clear	4.61	.631	3.83	.691	4.22	.766	7.887	0.902
Reporting structures are clear	3.92	.430	3.58	.599	3.75	.548	4.431	0.000

Table no. 4: Leadership & Management Style in organization

STATEMENTS	PNB		HDFC		Overall		T-Value	P-Value
	Mean	SD	Mean	SD	Mean	SD		
Superior has autocratic leadership style	4.28	.561	3.94	.625	4.11	.615	3.765	.281
Superior encourages for personal growth & development	4.28	.704	4.07	.684	4.17	.700	2.042	.042
My contribution is valued by my Immediate superior	4.12	.577	3.80	.622	3.96	.620	3.603	.361
Suggestions and ideas are considered by superior	4.31	.744	4.06	.660	4.18	.713	2.438	.005
I and immediate superior get along well.	4.12	.716	3.64	.641	3.88	.719	4.714	.989

Table no. 5: Culture of Organization

STATEMENTS	PNB		HDFC		Overall		T-Value	P-Value
	Mean	SD	Mean	SD	Mean	SD		
Morale is high	4.53	.622	4.00	.703	4.27	.714	5.391	.071
Employees like to be part of organization	4.13	.565	3.82	.646	3.98	.625	3.439	.122
Employees are valued	4.16	.472	3.86	.572	4.01	.544	3.838	.768
There is trust in relationship among various employees	4.46	.544	4.02	.821	4.24	.727	4.175	.142
Employees are treated fairly	4.38	.646	3.96	.579	4.17	.647	4.617	.000
Employees are appreciated for their work	4.24	.659	3.91	.788	4.08	.743	3.078	.554
Transfer policies are clear and transparent	4.41	.634	4.11	.661	4.26	.663	3.107	.068
There are chances of personal growth and development	4.43	.704	4.17	.604	4.30	.668	2.727	.005
Happy with the Equipments used for work	4.22	.595	4.12	.615	4.17	.606	1.108	.990
Satisfied with the facilities provided by the organization	4.42	.580	4.04	.517	4.23	.580	4.611	.000

Table no.6: Training & Development

STATEMENTS	PNB		HDFC		Overall		T-Value	P-Value
	Mean	SD	Mean	SD	Mean	SD		
Employees developments are recognized and welcomed	4.23	.582	4.13	.657	4.18	.621	1.081	.720
Training programmes are adequately conducted	4.14	.412	3.98	.580	4.06	.509	2.222	.488
Employees are happy with Training & development programmes conducted	4.28	.671	3.80	.767	4.04	.758	4.447	1.000

Table no. 7: Pattern of Communication

STATEMENTS	PNB		HDFC		Overall		T-Value	P-Value
	Mean	SD	Mean	SD	Mean	SD		
Staff concerns are heard	4.53	.690	4.11	.626	4.32	.690	4.298	.018
Adequate information is available to perform the job.	4.10	.562	4.01	.508	4.06	.536	1.113	.246
There is sharing of knowledge and information	3.87	.455	3.72	.636	3.79	.556	1.752	.000

Table no. 8: Performance Appraisal

STATEMENTS	PNB		HDFC		Overall		T-Value	P-Value
	Mean	SD	Mean	SD	Mean	SD		
Methods of performance appraisal are satisfactory	3.99	.486	3.78	.650	3.88	.582	2.469	.000
Employees get feedback about their work performance.	4.13	.622	3.96	.686	4.04	.659	1.822	.532
Corrective actions are suggested.	4.43	.654	4.12	.700	4.28	.694	3.079	.247

5.0 RESULTS

- Table 3 shows the perception of public and private sector bank employees relating to organization structure. As it can be seen from the Table 3, the p value is 0.000 for the statement relating to reporting structure. So it can be noted that there is perceptual difference about reporting structure in public and private sector bank. The mean score of PNB (3.92) and HDFC (3.58) reveals that PNB employees have more positive perception about reporting structure.
- The result of t test revealed in table 4 shows that there exists difference in the mean score of selected public and private sector bank for two statements relating to leadership and management style: ideas and suggestions are considered by superior and superior encourages personal growth & development. Employees of PNB bank have more positive perception than that of employees of HDFC bank for both the statements.
- Table 5 results reveal that the employee's perception for three statements of Organization culture is significantly different in selected banks. Employees are treated fairly, chances for personal growth and development and facilities provided by organization are perceived more positively by (PNB) public sector bank employees.
- T – Value in table 6 turns out to be insignificant for all the statements relating to training and development. This means that there is no significant difference in the perception of employees about training and development of both selected banks.
- For pattern of communication the T- value in table 7 is found to be significant in case of two statements: staff concerns are heard and knowledge and information is shared. The mean score of both the statements reveals that employees of PNB public sector bank have more positive perception than private sector bank. While it is insignificant for the statement: “adequate information is available to perform the job”.
- Table 8 T test result indicates that there is difference in the perception of employees of two selected banks regarding satisfaction with the methods of performance appraisal adopted. Employees of Public sector bank have more positive perception than of private sector bank. There is no difference in the perception of employees for the other two statements: employees get feedback and corrective actions are suggested.

6.0 SUGGESTIONS

The study focuses on perception of bank employees about various aspects of organizational climate. The result reveals that public sector (PNB) bank employees have more positive perception about various dimensions of organizational climate than private sector. But yet there is scope of improving certain dimensions of organizational climate in public sector bank especially knowledge and information sharing across the organization and performance appraisal methods which would help in making the organizational climate better. Private sector bank (HDFC) needs to improvise their climate by concentrating on reporting structure climate, providing clarity to employees about their roles and responsibilities. Improvements in culture of the organization by enhancing

employees' morale, having transparent transfer policy, enhancing employees feeling of being valued and treating them in fair manner, feeling of being appreciated by senior management, and providing them with the chance for personal growth and development are the areas which needs to be focused by private sector bank (HDFC) to make organizational climate better.

7.0 CONCLUSIONS

Organizational climate has great influence on employee's productivity, performance, motivation, job satisfaction, intention to leave the organization and so on. Thus it becomes very much vital for every organization to have positive organizational climate. The research study aimed at measuring and comparing the organizational climate of public (PNB) and private sector bank (HDFC). Organizational climate was measured with the six dimensions namely structure of organization, leadership and management style, culture of organization, training and development, pattern of communication and performance appraisal. The data was analysed using mean, standard deviation and T- test. The result of the study concluded that there exists difference in the perception of some of the dimensions of organizational climate of public and private sector bank employees. Employees of public sector bank have positive perception than employees of private sector banks.

8.0 AREA FOR FURTHER RESEARCH STUDY

- The research study focused on bank branches located in Vadodara city of Gujarat State. Similar studies can be done in various other cities.
- The study compared perception of one public (PNB) and one private sector (HDFC) bank employees about various aspects of organizational climate, similarly further research can be carried out for various other public and private sector banks. Also comparative study of regional rural, cooperative and foreign banks can be considered for the future research.

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