

# UNIT 47 – UPSC – HRM -Management of Organizational Climate and Industrial relations

## Organizational Climate

Organizational climate is definitely exclusive elements in today's convoluted business. In the academic literature of organizational field, the notion of organizational climate has a long history. From early writers such as Litwin & Stringer, 1968 to more recent research for example Ashkenasy, Wilderom and Peterson, 2000; Schneider, 1990, organizational climate is elaborated to reflect the ambiance of work and relationships and has been frequently revealed to have an impact on work-related upshots and aspects of company performance. Though there is heated debate among scholars for the theoretical standing and measurement of organizational climate (Schneider, 2000) and how climate diverges from the concept of organizational culture (Denison, 1996; Payne, 2000), there is a general agreement regarding the explanation and fundamental assumptions of organizational climate. Theorists stated that Organizational climate is the precise perception which people have about an organization. It is a worldwide phrase of what the organization is. Organization climate is the demonstration of the attitudes of organizational members toward the organization itself. An organization tends to create a centre of attention and keeps people who fits into climate. Forehand and Gilmer have explained organisational climate as “a set of characteristics that describe an organization and that distinguish one organisation from another, are relatively enduring over a period of time, and influence the behaviour of people in the organization.



Schneider (1990) explained the notion of climate as the shared perceptions of organizational members concerning practices, behaviours, and procedures that are rewarded and supported in the workplace. Others theorists have visualized organizational climate as a set of concepts to understand the background of the organization, representing the norms, attitudes, feelings and behaviours widespread at the workplace (Denison, 1996). Bowen and Ostroff (2004) stated that “Organizational climate is a shared perception of what the organization is like in terms of practices,

policies, procedures, routines, and rewards- what is important and what behaviours are expected and rewarded- and is based on shared perceptions among employees within formal organizational units”(pp.205). Additionally, numerous research studies have demonstrated that the ‘intervening’ nature of organizational climate in that climate is affected by a set of input variables and influences the outcomes and performance variables (Dastmalchian, 1986). Schneider and Reichers (1983) have designated that structural characteristics, the types of people within an organization, interaction patterns, and socialization practices, these entire factors play vital role in the appearance of organizational climates. The belief is that organizational climate as a model has many aspects and that researching it needs to bring a greater level of focus to the precise facets being studied.

There are numerous factors that affect organizational climate such as involvement, co-worker cohesion, supervisor support, autonomy, task orientation, work pressure, clarity, managerial control, innovation, and physical comfort. Organizational climate is a representation of the employee perception of these practices. This thought is supported by Rogg, Schmidt, Shull and Schmitt (2001) and Gelade and Ivery (2003) who found the association between human resource practices and organizational results are mediated by organizational climate. Management contributes vital role on employee’s observation of organizational climate, as management is accountable for executing the human resource practices. Thus, management can produce a preferred organizational climate using definite human resource practices, but employee perception of these practices is critical to realize the organizational climate as planned.

There are five determinants of climate provide managers with points of influence in managing the people in the business. The most important “force” is the manager’s own behaviours. It is established in literature that changing leadership practices can modify the climate and in turn change employee enthusiasm and behaviour patterns. Whether or not such changes in employee behaviour are interpreted into improved productivity and organizational performance depends on three factors such as, How well the manager plans climate improvement efforts, How well the manager recognizes and is able to manage the other determinants of climate, particularly organisational arrangements and strategy and How well the manager is able to execute the climate improvement plans. For successful climate improvement process, all three factors are to be considered and managed strongly. Additionally, managers need a climate measurement system to identify climate flaws and appraise the results of their climate improvement efforts.

## **Industrial Relations**

The major task of Human resource management is to manage people so that businesses are competitive and triumphant. In order to effectively perform this function in shifting global financial system, Human resource management and Industrial relation experts sustain with issues and trends that influence employment relations such as the labour market and economics, the product or service market, the political environment, environmental concerns, technological change, employment regulations, organisational psychology and social trends. The management of an Organisation will necessitate determining what Industrial Relations Strategies, Policies and Plans are essential to optimize the organisation’s performance and help it to fulfil its objectives. Numerous factors influence the way in which an organisation develops and implements these strategies, policies and plans such as organisation, size, industry, industrial climate, union

representation. Industrial relations is term that is used for relationship between employer and trade unions as well as involve government to describe policies, facing labour problems. Industrial relation described as relation of Individual or group of worker and company for engaging themselves in a way to exploit the productive activities.

Industrial relations include numerous concepts such as rules for employment management, rules and regulation, role of State Government bodies, harmonious relations and technology. There is a strong link between industrial relations and technology. Technological change greatly affects the Industrial Relation. Industrial relations impact with information and communication technologies. Industrial relations is also a multidisciplinary area that studies the combined features of the employment relationship. It is progressively called employment relations because of the importance of non-industrial employment relationships. Industrial relations has a core concern with social impartiality through reasonable employment practices and honest work. Industrial relations envelops issues of concern to managers and workers at the workplace, such as workplace bargaining, management strategy, employee representation and participation, union-management co-operation, workplace reform, job design, new technology and skill development. Industrial relations expert generally work for a trade union in order to symbolize employees' interests. However, they may work for a company in a human resource department, or for an employers' association or consultancy, serving the employers' interests. Main role of human resource management and Industrial relation is hiring staff, negotiation of employment contracts and conditions, performance management and reward systems, dispute resolution, disciplinary processes, ensuring health and safety of staff, employee motivation, design of work, team and organisation restructuring, and training and development. HRM consultants are accountable for the smooth running of processes and at a senior level for planning, strategizing and policy-making.

**Objectives of Industrial Relation:** Major objectives of industrial relations include the following:

1. To protect the interest of labour and management by securing the highest level of mutual understanding and good-will among all those sections in the industry which participate in the process of production.
2. To evade industrial conflict or strife and develop pleasant relations, which are important factor in the productivity of workers and the industrial progress of a country.
3. To increase productivity to a higher level in a period of full employment by decreasing the propensity to high turnover and frequency of absenteeism.
4. To establish and foster the growth of an Industrial Democracy based on labour partnership in the sharing of profits and of managerial decisions, so that ban individuals personality may grow its full stature for the benefit of the industry and of the country as well.
5. To reduce, as far as is possible and practicable, strikes, lockouts and gheraos by offering reasonable wages, improved living and working conditions, said fringe benefits.
6. To set up government control of such plants and units as are running at a loss or in which productions has to be regulated in the public interest.
7. Enhancement in the financial conditions of labour in the existing state of industrial managements and political government.
8. Control exercised by the state over industrial undertaking with a view to regulating production and promoting harmonious industrial relations.
9. Socializations or validation of industries by making the state itself a major company.

# The Major Characteristics of Industrial Relations are:

1. Labour Relations that is relations between Union and Management.
2. Employer-employees relations, such as relations between management and employees.
3. Group relations, such as relations between various groups of workmen.
4. Community or Public relations, i.e. relations between industry and society.
5. Promotions and development of healthy labour-managements relations.
6. Maintenance of industrial peace and avoidance of industrial strife
7. Development of true industrial Democracy.

In order to manage industrial relations, management and unions should develop positive attitudes towards each other. All basic strategies and procedures associated with Industrial Relation should be understandable to everyone in the organization and to the union leader. The personnel manager must assure that line people will recognize and concur with these policies. The personnel manager should eliminate any doubt by convincing the union of the company's honesty and his own sincerity and honesty. Distrustful, rumours should not be there in relationship between employer and employees. The personnel manager should not compete with the union to gain workers' loyal to both the organization. Many research studies also validated the thought of dual allegiance. There is strong proof to reject the belief that one can owe loyalty to one group only. Management should promote good union leadership. While it is not for the management to hamper with union activities, or decide the union leadership, its action and attitude will go a long way towards developing the effective union leadership.

To maintain industrial relations, the Government has significant contribution to promote the welfare interest of all groups of the society including employers and workers. The Government agencies work in different manner. It ranges from only formulation of rules for the observance of the two parties-employers and the workers-to direct involvement when the Government agencies control the terms of bargain and interfere in industrial disputes to fasten their settlement. It is established in studies that healthy industrial Relations are needed for the monetary development of any nation and for establishing and maintaining right industrial democratic system. It promotes the collective bargaining as a means of self-regulation and to assist Government in devising laws forbidding unfair practices of unions and employers. It improves the discipline and confidence of workers. Friendly industrial relations can be developed when the employees have lowest complaints, good working conditions, job satisfaction and an appropriate balance between individual aspirations and organizational goals. It is apparent that the functions of industrial relations are to give solutions for conflicts between labour and management, conflicts between objectives and values, between profit motive and social gain, between the discipline and freedom, between authority and workers, between bargaining and co-operation, and these solutions should be in the interest of individual, the group and the community.

In healthy industrial relations system it is necessary to take into account, and replicate, cultural factors. Systems cannot modify culture, but only behaviour within a cultural environment. As such, one can only explain some of the elements which have generally come to be recognized as contributing to good industrial relations system. A comparatively good industrial relations system will demonstrate some of these elements. Strong industrial relations system is one in which

relationships between management and employees and between them and the State is more harmonious and supportive than conflictual and creates an environment conducive to economic efficiency and the motivation, output and development of the employee and generates employee loyalty and mutual trust. Industrial relations itself may again be described as being concerned with the rules, processes and mechanisms through which the relationship between employers and employees and their respective representatives, as well as between them on the one hand and the State and its agencies on the other, is regulated. Industrial relations balance the economic efficiency of organizations with equity, justice and the development of the individual, to find ways of avoiding, minimizing and resolving disputes and conflict and to promote harmonious relations between and among the actors directly involved, and society as a whole. The rules, processes and mechanisms of an industrial relations system are found in sources such as laws, practices, customs, agreements and arrangements arrived at through a bipartite or tripartite process or through prescription by the State.

To summarize, Industrial relations is mainly related with anticipating, addressing and diffusing workplace matters that may obstruct with an organization's business goals, as also with resolving disputes between and among management and employees. It includes the processes of evaluating the employer-employee relationship; ensuring that relations with employees conform to applicable central and local laws and regulations and resolving workplace clashes. It also covers up union issues, collective bargaining and ongoing union-management relations.