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**THE RELATIONSHIP BETWEEN ORGANIZATIONAL
CLIMATE AND JOB SATISFACTION:
COMPARATIVE STUDY BETWEEN FEDERAL AND
STATE EMPLOYEES IN KELANTAN.**

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BY

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**A PROJECT PAPER
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ABSTRACT

There is a widespread belief that the dissatisfaction among employees is serious with implications for employees' achievement and performance. Dissatisfaction resulting from unfavorably perceived organizational climate could cause undesirable effects detrimental to the overall well-being of civil servants. Researchers have shown that employees who report high levels of job dissatisfaction show intention to leave the civil service and join other sectors. The present questionnaire survey conducted on 134 employees of State and Federal departments in Kelantan helps to address in analysing their level of job satisfaction. A principal components factor analysis of organizational climate revealed four factors labeled 'warmth and consideration,' 'reward orientation,' 'individual responsibility,' and 'organizational identification' as the main factors that give rise to significantly high level of job satisfaction among employees. A Spearson correlation revealed that there is a significant relationship between organizational climate and job satisfaction among Federal and State employees. However, there is no difference between climate perception and level of job satisfaction among Federal and State employees in Kelantan.

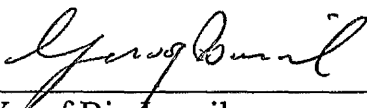
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DECLARATION

I hereby declare that this project is the result of my own investigations, except where otherwise stated other sources are acknowledged by reference notes and a bibliography is appended.

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**Dedicated to my wife Asmani,
and children Aifaa and Amalin
who made it all possible in their own
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CHAPTER 1

INTRODUCTION

Organizational climate is generally believed to exert a considerable influence on the behavior of the employees. This has been a long interest in the study of organizational climate among researchers. Its importance is partly due to its hypothesized relationship to other organizational phenomena. The purpose of this study is to investigate the relationship between organizational climate and job satisfaction among employees of selected public organizations.

1.1 Statement of Problems

The most important need of the organization is to achieve the effective utilization of the resources that the organization has at its disposal. The most essential one that need to be addressed properly is the employees. The organization must accept the value of its employees to be productive and capable of contributing positively to accomplish the objectives of the organization. The employees can bring the organization to the maximum height of glory and achievement. There is a need for the higher level management to motivate the employees in this direction. The organization must set the condition and environment that encourage and facilitate the utilization of their potentials that allow for the maximum contribution towards the achievement of the organizational

objectives. Organizational objectives may be achieved only if there is commitment and involvement of the employees. Thus, for the success of any organization, job satisfaction is of vital importance. The satisfied employees are the biggest assets to the organization whereas the less satisfied would be the biggest liabilities.

Rapid changes in environment and technological advancement have shaped the thinking and aspiration of the employees. Employee participation and contribution has been very well understood and cannot be denied. So the employees can enjoy the fruits of their contribution in the form of satisfaction.

The organisation need to identify and discover the attitude of employees toward factors related to the job. Attitude is related to the job and concerned with such specific factors such as supervision, condition of work, advancement opportunity, fair evaluation of work, social relation on the job, fair treatment by employer as well as other aspects.

It is becoming increasingly essential for the organization to give special attention to the attitude of the employees toward the organization. If employees are not satisfied with the job and working climate, they will probably shift to other job with better climate. In fact, this is a common phenomenon in public sector whereby many of the employees from Federal government transfer to State government. However, some go to the extent of applying for optional or rather early retirement to join the private sector. This phenomenon has affected government's efforts in providing a better service to the society.

As Malaysia is on the fast lane of advancement with competitive environment and heading towards the realisation of nation's vision 2020, the researcher anticipates an improvement in performance among public employees. By the year 2020, Malaysia will become an industrialised nation and the public sector organisations would be inclined toward electronic government. Thus, the civil servants in government department play an important role in providing excellent service to the society.

1.2 Objectives of the Study

The main objective of the study is to examine the relationship between organisational climate and job satisfaction among Federal and State employees in Kelantan. Four different dimensions of organizational climate are chosen namely warmth and consideration, individual responsibility, reward orientation and organizational identification. Besides investigating the relationship of the four dimensions and job satisfaction, it will also attempt to suggest ways to improve the level of job satisfaction.

More specifically, this study attempts to compare the impact of organizational climate and job satisfaction among Federal and State employees. It also attempts to look at the role of four dimensions (warmth and consideration, individual responsibility, reward orientation and organizational identification) as correlates to employees

satisfaction. Besides the role of four dimensions and their relationship, this study also attempts to look at the degree of job satisfaction among two different groups of employees, that is professional and managerial as well as supportive groups.

1.3 Definition of Terms

Job satisfactions can be defined as a pleasurable positive emotional state resulting from the appraisal of one's job or job experience. Job satisfaction is a result of employees perception of how well their job provides those things which are viewed as important for them. It is generally recognized in the organizational behavior field that job satisfaction is the most important and frequently studied attitude (Locke, 1976).

Organizational climate can be defined as a relatively enduring quality of an organization's internal environment which results from the behavior and policies of its members, is perceived by its members and acts as a source of pressure for directing activity (Pritchard and Karasick, 1973).

Federal employees refer to the government civil servant that are working under Malaysian Federal government. Their appointment and confirmation of the service came under the jurisdiction of the Public Service Commission.

State employees refers to the government civil servant that was working under Kelantan State government. They were under the jurisdiction of State Service Commission.

1.4 Research Questions

This study attempts to answer several questions below:

1. Does the level of job satisfaction among employees vary between two different groups?
2. Does the level of job satisfaction among employees differ between two different categories?
3. Is the level of job satisfaction among employees related to perceived organizational climate dimensions?

1.5 Research Hypotheses

In order to find out how influential and significant organizational climate is to job satisfaction, the following hypotheses will be tested:

- H1 There is a significant relationship between warmth and consideration with job satisfaction among the Federal and State employees
- H2 There is a significant relationship between individual responsibility and job satisfaction among the Federal and State employees

- H3 There is a significant relationship between reward dimension and job satisfaction among Federal and State employees
- H4 There is a significant relationship between organizational identification and job satisfaction among Federal and State employees
- H5 There is a significant relationship between organizational climate and job satisfaction

To test whether different groups and categories of employees have different perception of organizational climate and level of job satisfaction, the following hypotheses will be tested:

- H6 The overall job satisfaction of Federal and State employees is significantly different
- H7 The overall perception of organizational climate between the Federal and State employees is significantly different
- H8 The professional and managerial group having the higher level of job satisfaction than supportive group

1.6 Significance of the Study

This study attempts to determine the effect of warmth and consideration, reward orientation, responsibility and organizational identification as correlates to employees satisfaction. At the same time it tries to examine the relative values of different organizational climates on job satisfaction, that is warmth and consideration

and job satisfaction, reward orientation and job satisfaction, responsibility and job satisfaction as well as organizational identification and job satisfaction.

The findings could be used as inputs to administrators of civil service in planning, developing and implementing programmes for the purpose of improving the level of job satisfaction among the employees. Finally, this study aims to provide data as a guidelines for the decision making processes and type of action to be taken in reducing the occurrence of dissatisfaction among employees as the whole society demand for the excellence civil service system.

1.7 Organization of the study

This study consists of five chapters. The first chapter tries to assert the statement of problem, the objective and significance of the study, definition of terms as well as research questions and hypothesis.

Chapter 2 discusses related literature review. In addition, the definitions of organizational climate and job satisfaction and previous studies on both related aspects. Besides, it discusses on the theories of job satisfaction and conceptual framework as well as variables on organizational climates and job satisfaction.

Chapter 3 outlines research design and methodology. The type of study, sampling technique, data collection techniques, data analysis technique and development of the questionnaires are discussed.

Chapter 4 deals with data analysis. Respondents' characteristics and factor analysis of the climate dimensions are examined. Besides that, the stated hypotheses are tested.

Chapter 5 concludes and discusses the findings and implications of the study. Some limitations, suggestions for future research are also discussed in this final chapter.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

Organizational climate is generally believed to exert a considerable influence on the behaviour of the employees. The present study attempts to explore this influence by examining the literature on job satisfaction and organizational climate as well as related variables. The literature relevant to the study, especially relating to the variables on climate and job satisfaction is abundant.

Basically, management theories have developed from a labyrinth of research and theories from the behavioural science and from the psychology. These overlapping theories form the basis upon which the framework of this study rests, specifically the interrelationships between organizational climate and job satisfaction. This review considers literature pertinent to the topic by tracing the development of relevant theories and research which has the concurrent impact upon the framework of this study.

Organizational climate has been the focus of several research studies across organizations over the years. Its importance as a research topic is due to its hypothesised

relationship to other organizational phenomena including job satisfaction, job performance leadership behaviour, and the quality of work and life of group organisation. Satisfaction at work is important for both individual and organization. It is often thought that the conducive organizational climate will lead to higher level of job satisfaction. Thus, these two concepts are closely interrelated with each other.

2.2 The Concept of Organizational Climate

Organizational climate has been defined in many different ways, but generally it is identified with the properties relating the behavioural environment of the organization. It is often referred to as the product of interrelationship which occurs among individuals in organization, including the affective dimensions of feeling and attitudes in the process of task achievement of the organization. It implies the suitability of integrating task achievement with needs satisfaction of individual in the organization.

According to Gibson, Ivancavish and Donnelly (1973), the earliest studies which referred to climate were those of Curt Lewin in the 1930s, which tried to link the individual with the environment. Lewin (1951) mentioned the psychological field which should take into consideration “goals, stimuli, social relation as well as general characteristic of the field” as the atmosphere characterising the environment (p.241). Lewin’s model stated that behaviour was a function of interaction between personality

and environment. This implies that different environment would give rise to different behaviour and hence different climates.

Even Frederick Taylor (1911) acclaimed only as the propagator of 'non-human' scientific aspect of management, expressed concern for developing a rationalised system of organization, which could be interpreted as concern for a favourable climate in the organization. Luthans (1995) refers climate as the set of characteristics that distinguish one organization from other organizations. Indeed, it is the personality of the organization that refers to the stable characteristics and properties of organizations.

Argyris (1957) investigated the climate of organization when he was concerned with the congruence between the individual needs and those of the formal organization in order to maintain the 'homestasis' of the organization. McGregor (1960) referred to the managerial climate when describing the subordinate-superordinate relationship within the organization.

Organizational climate is the human environment within an organizations in which employees do their work. It may refer to the environment within the department. Climate is affected by almost everything that occurs in an organization. Many definitions have been offered to clarify the concept of climate. Forehand and Gilmer (1964) have defined climate as a set of relatively enduring characteristics that describe an organization,

which distinguishes it from other organizations and influence the behaviour of organizational members. Litwin and Stringer (1968) viewed climate as a set of measurable properties of the work environment perceived by the people within the organization and these properties are assumed to influence motivation and behaviour. According to Pritchard and Karasick (1973) defined organizational climate as a relatively enduring quality of an organization's internal environment which result from the behaviour and policies of its members, is perceived by its members, and acts as a source of pressure for directing activity. Schneider and Snyder (1975) have conceptualised organizational climate to be a characteristic of organizations which is reflected in the descriptions make of the policies, practices and conditions which exist in the work environment.

Finally, Steers (1977) referred to climate as the perceived characteristics found in the work environment that result largely from the actions taken by the organization that presumably affect subsequent behaviour. But according to Davis (1984), organizational climate refers to how well workers' expectations about an organization are being met. It also refers to the mood of an organization (Ott, 1989). In other words, climate reflects how individuals feel about being part of a particular organization. In sum, organizational climate can be defined as employees' subjective perceptions of the work environment which are descriptive and these perceptions can lead to affective response which govern employees behaviour.

Since organizational climate involves perceptions of an organisation's environment, different organizations with different practices and procedures may have different climates (Muchinsky, 1976). One of the problems with the climate concept is the specification of appropriate climate dimensions. Several studies have tried to identify the specific factors in the working environments which seem to influence climate. Campbell, Dunnette, Lawler and Weick (1970) in a review of four studies identified four dimensions that seemed to be common, that is, individual autonomy, structure, reward, consideration, warmth, and support. One of the studies reviewed by Litwin and Stringer (1968) has identified nine priori climate dimensions, that is structure, responsibility, reward, risk, warmth, support, standard, conflict and identity. Muchinsky (1976) in analysing the Litwin and Stringer climate questionnaire isolated six dimensions which he referred to as interpersonal milieu, standards, general affective toward management, organizational structure and procedures, responsibility and organizational identification. The above studies show that the organizational climate is important. Climate is a link between the individual and the organization (Falcione, Sussman and Herden, 1987) because it represents members' beliefs and attitude about the organization (Poole and McPhee, 1993). If these beliefs and attitudes about the organization are favourable, it may then follow that the individual will be committed to the organization.

According to Taguri (1988), climate is a property of the organization itself which is identifiable by particular characteristics and interpreted by organizational members,