

**AN IMPACT OF ORGANISATIONAL CLIMATE ON EMPLOYEES' PERFORMANCE  
WITH SELECTED PRIVATE INSURANCE COMPANIES**

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## **INTRODUCTION OF THE STUDY**

Organizational Climate is comprised of a mixture of norms, values, expectations, policies and procedures that influence work motivation, commitment and ultimately individual or work unit performance. Climate can be defined as the perceived attributes of an organization and its subsystems, as reflected in the way an organization deals with its members, groups and issues. The Emphasis is on perceived attributes and the working of subsystems. Positive Climate encourages, while negative climate inhibits discretionary effort. 'Organizational Climate' refers to the quality of working environment. If people feel that they are valued and respected within the organization, they are more likely to contribute positively to the achievement of business outcomes. Creating a 'healthy' organizational climate requires attention to the factors which influence employees' perceptions, including the quality of leadership, the way in which decisions are made and whether the efforts of employees are recognized. Organisational climate influences to a great extent the performance of the employees because it has a major impact on motivation and job satisfaction of individual employees. Organisational climate determines the work environment in which the employee feels satisfied or dissatisfied. Since satisfaction determines or influences the efficiency of the employees, we can say that organisational climate is directly related to the efficiency and performance of the employees.

## **REVIEW OF LITERATURE**

Many research studies have been conducted on the subject of organizational climate and job satisfaction in respective areas. These studies have revealed that certain variables are consistently correlated with organizational climate and job satisfaction in private insurance sector. This segment presents a brief review of earlier literature relevant to the study of "*An Impact of Organisational Climate on Employees' Performance with Select Private Insurance Companies*". The collection of reviews has been made from various studies undertaken by academic journals, magazines, publication, working papers, books and the like.

**Vijayakumar, Nishad Nawaz and et.al (2020)**, stated that the "*HRD Practices Impact on Organizational Climate of Insurance Sector*", The study aims to understand the impact of HRD practices towards the organizational climate in Life Insurance Sector. The data collected by using both methods primary & secondary data, the study conducted in the Chennai city & circulated 400 questionnaires distribution, 371 filled questionnaires returned in that 189 samples from the public sector insurers, i.e., LIC and 188 samples collected from the select private sector life insurers, i.e., ICICI prudential, HDFC, and SBI Life from sales employees namely, development officer, marketing executives, executive sales managers, assistant managers, and sales manager in sales. This study used statistical tools namely percentage analysis, independent t-test and Regression analysis. The study results also identified that there is a significant impact of HRD practices towards the organizational climate in the insurance sector in the study region. The study was conducted in the area of Chennai city and data collected from selected organizations. The study can be extended by taking more sample size, other similar organizations within the Chennai and the same study can be possible in whole Tamil Nadu. The researchers can extend the study in other states of India, it also possible to conduct comparative study in between the organizations, states of India and similar studies can be possible in other countries as well.

**Toopalli Sirisha and Y.P. Sai Lakshmi (2022)**, stated that "*A Study on Organisational Climate and Its Impact on Employees Performance in Tamil Nadu*", This article aim is to study the climate of the organisation and its impact on employee's performance. The employee performance is

mostly depending upon the environment that prevailed in each organisation for instance positive encouragement and motivation at organisation leads to positive performance at organisation, negative climate leads to slow performance at organisation level. The satisfaction with organizational climate positively affects the performance and has negative relationship with turnover and deviant behaviour of the employees at work. This article intended to assess the organizational climate and its impact on employee's performance. This study also investigated the level of climate which influences the employee's performance. Positive or Negative climate prevailing in the organization are predicted and analysis are carried out. To achieve this defined objective questionnaire is prepared. The prepared questionnaire is used to get the direct responses from eighty employees. The responses given by the employees are analyzed and interpreted using the different type of statistical tools like Correlation, Chi-square and ANOVA. Employees are the main asset of organizations for delivering services. A work environment should be created where employees feel appreciated for their efforts.

### **PROBLEM THAT HAS BEEN FOCUSED ON THE STUDY**

In the present study, the researcher wants to know whether select insurance companies to properly maintain the HRM practices under organizational climate, such as Preparation of HR Plans, Developing HR Policies, HR development system, appraisal system, integrating people with the organization, maintaining employee welfare and social programs etc., By conducting this study, the researcher will be able to provide better insight into how the private insurance companies are improving their HRM practices and services for better organizational climate maintenance. With this backdrop the researcher has made an attempt to analyze the "*An Impact of Organisational Climate on Employees' Performance with Select Private Insurance Companies*". Hence, the researcher wants to know the answers for the following research questions:

➤ What is the impact of Organisational Climate on Employees' Performance to the select insurance companies in the Karaikal district?

### **RESEARCH OBJECTIVES**

- ❖ To analyse the impact of Organisational Climate on Employees' Performance to the select insurance companies in the Karaikal district.
- ❖ To offer implications and conclusion of the study

### **RESEARCH HYPOTHESIS**

**H<sub>01</sub>** = There is no relationship of Organisational Climate on Employees' Performance to the select insurance companies in the Karaikal district.

**H<sub>02</sub>** = There is no impact of Organisational Climate on Employees' Performance to the select insurance companies in the Karaikal district.

### **METHODOLOGY AND TOOLS**

#### **(a) Sources of data**

The study is based on the primary. The primary data was collected for the period of 3months from 1<sup>st</sup> August, 2023 to 30<sup>th</sup> August, 2023 on interview schedule method. In addition, other required data was collected from various journals, magazines, newspapers, website, unpublished thesis work and reports.

#### **(b) Techniques of Analysis**

The collected data have been used for analysis with the help of statistical tools. The statistical techniques Correlation and Regression analysis.

#### **(c) Sampling Design**

The primary data for the study has been collected from a sample population of 117 respondents based on purposive sampling method, using a well-structured interview schedule. The data have been collected from the employee's working in different private insurance sectors/companies in Karaikal district. The sample size of 117 is determined by the total population of the Karaikal district.

**Table – 1 SAMPLING INSURANCE COMPANIES CONSIDER FOR THE STUDY**

S.No	Insurance Companies	Sample Size
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1	Aditya Birla Sun life Insurance Co. Ltd.	30
2	Bajaj Allianz Life Insurance Co. Ltd.	30
3	HDFC Life Insurance Co. Ltd	30
4	ICICI Prudential Life Insurance Co. Ltd	30
5	SBI Life Insurance Co. Ltd.	30
<b>Total</b>		<b>150</b>

Source: <https://financialservices.gov.in/life-insurance-companies>

Table 2 exhibits the correlation analysis of Gender and Employees' Performance to the select insurance companies in the Karaikal district.

**H01(a): There is no relationship of Organisational Climate on Employees' Performance to the select insurance companies in the Karaikal district**

**Table 2 Correlation Analysis of Gender and Employees' Performance to The Select Insurance Companies in The Karaikal District**

		LP	RW	OS	WE	RG	DM
LP	Pearson Correlation	1					
RW	Pearson Correlation	.936**	1				
OS	Pearson Correlation	.304	.539	1			
WE	Pearson Correlation	-.654*	-.856**	-.722*	1		
RG	Pearson Correlation	.470	.188	-.426	.249	1	
DM	Pearson Correlation	-.322	-.586	-.640*	.807**	.359	1

**Note:** Leadership (LP), Rewards (RW), Organisational Structure (OS), Working Environment (WE), Recognition (RG) and Decision making (DM)

\*. Correlation is significant at the 0.05 level (2-tailed). \*\*. Correlation is significant at the 0.01 level (2-tailed). Table 2 reveals the Correlation Analysis of Gender and Employees' Performance to the select insurance companies in the Karaikal district. The positive correlation was observed between the leadership and rewards (.936), working environment and decision-making (.807) are significant at 1 per cent level. The negative correlation was observed between leadership and working environment (.654), rewards (.722) is significant at 1 per cent level. The rewards and working environment (.856) are significant at 5 per cent level.

Table 5.7 exhibits the Regression and ANOVA analysis of Gender and Employees' Performance to the select insurance companies in the Karaikal district.

**H02(a): There is no impact of Organisational Climate on Employees' Performance to the select insurance companies in the Karaikal district**

**Table 3 Regression Analysis of Organisational Climate on Employees' Performance to the select insurance companies in the Karaikal district**

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.902 <sup>a</sup>	.813	.579	66.44469	2.481

**Predictors:** (Constant), Leadership (LP), Rewards (RW), Organisational Structure (OS), Working Environment (WE), Recognition (RG) and Decision making (DM) **Dependent Variable:** Gender

Table 3 represents the multiple regression analysis of Gender and Employees' Performance to the select insurance companies in the Karaikal district. The  $R^2$  value at .813 states that all the six independent variables that is Leadership (LP), Rewards (RW), Organisational Structure (OS), Working Environment (WE), Recognition (RG) and Decision making (DM) have 81 per cent influence on the

dependent variable. Hence there is a significant impact on Gender and Organisational climate factors among the Employees' Performance to the select insurance companies in the Karaikal district. The Durban-Watson statistics value of 2.481 indicates the negative autocorrelation among the independent variables.

Table 5.9 exhibits the correlation analysis of Powerica Ltd. during the study period from 2011-2012 to 2020-2021.

**H01 (b): There is no significant relationship between the liquidity ratios and capital among the Powerica Ltd**

**Table 5.9 Correlation Analysis of Powerica Ltd**

		CR	LR	ITR	DTR	WTR	CAP
CR	Pearson Correlation	<b>1</b>					
LR	Pearson Correlation	.924**	<b>1</b>				
ITR	Pearson Correlation	-.130	.048	<b>1</b>			
DTR	Pearson Correlation	.563	.300	-.348	<b>1</b>		
WTR	Pearson Correlation	-.501	-.433	.121	-.102	<b>1</b>	
CAP	Pearson Correlation	-.369	-.242	<b>.687*</b>	-.547	.276	<b>1</b>

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.01 level (2-tailed).

Table 5.9 shows the Correlation Analysis of Powerica Ltd from 2011-2012 to 2020-2021. The positive correlation was observed between the liquidity ratio and current ratio (.924) are significant at 1 per cent level. The capital and inventory turnover ratio (.687) are significant at 5 per cent level.

Table 5.10 exhibits the Regression and ANOVA analysis of Powerica Ltd. during the study period from 2011-2012 to 2020-2021.

**H02 (b): There is no significant impact on capital and liquidity ratios among the Powerica Ltd**

**Table 5.10 Regression Analysis of Powerica Ltd**

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.830 <sup>a</sup>	.688	.299	4.04167	1.645

**Predictors:** (Constant), Current Ratio, Liquid Ratio, Inventory Turnover Ratio, Debtors Turnover

**Ratio and Working Capital Turnover Ratio** **Dependent Variable:** Capital

Table 5.10 revels the multiple regression analysis of Powerica Ltd. The R<sup>2</sup> value at .688 states that all the five independent variables that is Current Ratio, Liquid Ratio, Inventory Turnover Ratio, Debtor's Turnover Ratio, Working Capital Turnover Ratio, Capital have 68 per cent influence on the dependent variable of Capital which is significant at 5 per cent level. So, the null hypothesis is rejected and hence there is a significant impact on capital and liquidity ratios among the Powerica Ltd. The Durban-Watson statistics value of 1.645 indicates the positive autocorrelation among the independent variables.

**Table 5.11 ANOVA of Powerica Ltd**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	144.397	5	28.879	1.768	.300 <sup>b</sup>
	Residual	65.340	4	16.335		
	Total	209.737	9			

**Predictors:** (Constant), Current Ratio, Liquid Ratio, Inventory Turnover Ratio, Debtors Turnover Ratio and Working Capital Turnover Ratio **Dependent Variable:** Capital

Table – 5.11 revels that the ANOVA of Powerica Ltd. Calculated F value of the variable is 1.768 which are less than the table value of 2.368 at 5 per cent significant level. Hence, the hypothesis is accepted. That means that there is a significant relationship between liquidity ratios.

Table 5.12 exhibits the correlation analysis of Sudhir Power Ltd. during the study period from 2011-2012 to 2020-2021.

**Ho1 (c): There is no significant relationship between the liquidity ratios and capital among the Sudhir Power Ltd**

**Table 5.12 Correlation Analysis of Sudhir Power Ltd**

		CR	LR	ITR	DTR	WTR	CAP
CR	Pearson Correlation	<b>1</b>					
LR	Pearson Correlation	.977**	<b>1</b>				
ITR	Pearson Correlation	.371	.486	<b>1</b>			
DTR	Pearson Correlation	.121	-.065	-.233	<b>1</b>		
WTR	Pearson Correlation	-.208	-.395	-.375	.806**	<b>1</b>	
CAP	Pearson Correlation	-.089	-.178	-.282	.633*	.261	<b>1</b>

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.01 level (2-tailed).

Table 5.12 depicts the Correlation Analysis of Sudhir Power Ltd from 2011-2012 to 2020-2021. The positive correlation was observed between the liquid ratio and current ratio (.977), working capital turnover ratio and debtor's turnover ratio (.806) are significant at 1 per cent level. The capital and debtor's turnover ratio (.633) are significant at 5 per cent level.

Table 5.13 exhibits the correlation analysis of Sudhir Power Ltd. during the study period from 2011-2012 to 2020-2021.

**Ho1 (c): There is no significant relationship between the liquidity ratios and capital among the Sudhir Power Ltd**

**Table 5.13 Correlation Analysis of Sudhir Power Ltd**

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.916 <sup>a</sup>	.839	.637	49.53082	2.791

**Predictors:** (Constant), Current Ratio, Liquid Ratio, Inventory Turnover Ratio, Debtors Turnover Ratio and Working Capital Turnover Ratio **Dependent Variable:** Capital

Table 5.13 depicts the multiple regression analysis of Sudhir Power Ltd. The R<sup>2</sup> value at .839 states that all the five independent variables that is Current Ratio, Liquid Ratio, Inventory Turnover Ratio, Debtor's Turnover Ratio, Working Capital Turnover Ratio, Capital have 83 per cent influence on the dependent variable of Capital which is significant at 5 per cent level. So, the null hypothesis is rejected and hence there is a significant impact on capital and liquidity ratios among the Sudhir Power Ltd. The Durban-Watson statistics value of 1.645 indicates the negative autocorrelation among the independent variables.

**Table 5.14 ANOVA of Sudhir Power Ltd**

Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	51003.398	5	10200.680	4.158
	Residual	9813.210	4	2453.302	
	Total	60816.608	9		

**Predictors:** (Constant), Current Ratio, Liquid Ratio, Inventory Turnover Ratio, Debtors Turnover Ratio and Working Capital Turnover Ratio **Dependent Variable:** Capital

Table – 5.14 depicts that the ANOVA of Sudhir Power Ltd. Calculated F value of the variable is 4.158 which are more than the table value of 2.368 at 5 per cent significant level. Hence, the hypothesis is rejected. That means that there is a significant relationship between liquidity ratios.

### **Policy for Implications of the study**

The following implications are outcome of the analysis ***Objective – 4: To offer implications and conclusion of the study***

- ✓ It was found with the help of percentage analysis that all the respondents had sensible knowledge about organizational climate in job satisfaction among employees of insurance companies in Karaikal district. Therefore, the insurance companies and IRDA are promoting the employees/workers through various monetary and non- monetary benefits. This will help to increase the satisfaction of the employees/workers.
- ✓ To increase an optimum productivity from the employees/workers the insurance companies and dealers should ensure promotion, bonus and incentives to the employees/workers.
- ✓ Frequent review of the employees/workers issues may help the management to mitigate on short-term issues.

### **Conclusion of the study**

The climate that emerges within an organization becomes the major contributing factor of employee behaviour. Since the climate perception influences efficiency of employees. A sound climate is a long-run scheme. Organizational climate is becoming more important than ever before because organizations need to ensure that those individuals who add value should stay in the organization and continue to put their efforts into their work to benefit the organization. The few factors are positive from the study that is Gender and Age wise employees/workers are satisfied but, in monthly income wise they are not much more satisfied. So, the insurance companies must concentrate on bonus, increment and other monetary benefits to the employees/workers to promote their scale of business and employable sustainability.

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