The effect of organizational environment on performance and job satisfaction (Case Study of Shiraz University)

Azam Ekhtiyar Ardakani¹, Dr Bahram Jowka², Dr Alireza Mooghal³

¹Master of Public Management Payam Noor University, Shiraz, Iran
²Faculty of Shiraz University, Department of Educational Sciences, Shiraz, Iran
³Faculty of Payam Noor Shiraz University, Department of Management, Shiraz, Iran

ABSTRACT

The present study in the framework of a causal model examined the relationship between organizational environment, job satisfaction, and job performance. In this model the organizational environment dimensions were considered as an exogenous variable and performance and job satisfaction as an endogenous variable. Research participants were 280 formal, contractual or agreement employees in Shiraz University and were selected based on stratified sampling with a fixed ratio. In order to measure the study variables, Kenzy organizational environment questionnaire (2008), Lee & Allen citizenship behavior questionnaire (2002) and Spector job satisfaction questionnaire (1997) were used. The two variables of open systems and reasonable goals are positive predictors of job performance. Environment of human relations and internal processes are positive predictor of job satisfaction, and open systems environment were negative predictors of job satisfaction. Overall findings showed that a high level of employee’s motivation is affected by organizational environment.

Keywords: organizational environment, job performance, job satisfaction.

1 – INTRODUCTION

Long ago since the advent of organizations, the concept of effectiveness has been considered as the basic purpose of various organizations. Organizational researchers, managers, and administrators of in an effort to improve the organizational effectiveness, developed the science of organizational behavior and human resource management.

In an effort to improve organizational effectiveness, or in other words improve the behavior and attitude outcomes, organizations and managers have been trying to identify what is affecting on these variables and in a way manage them effectively. In this regard some valued variables of jobs itself (Lucky, 1976; Howland, 1966), some valued changes of individuals and jobs operating staff (Jaj et al, 1997; Jaj and Bono, 2001); some has noted the entrance and authenticity of technology (Schneider, 1997) and another group has considered environmental variables (Beigi Nia, 2007; Noor Bakhsh and Mir Emadi, 2005). Among the researches on the role of organizational environment to improve individual behavioral and attitudinal outcomes, there are some researches paying attention to the relationship between organizational environment and employee attitudes or behavior. In some of these research there has been considered a general atmosphere for the organization (Liotine and Stringer, 1968; Schneider, 2000) and in other researches the atmosphere is attributed to individual perception of the employee, not the organization (Newman and Bennett, 2000; Roberson 2006 Zahr, 2000). Due to the different type of people's perception of organization, the organizational environment is not believed to be uniformed and variety of types and has been considered. Also a major volume of researches, have studied the impact and influence of organizational environment, merely on behavioral or attitudinal outcomes. In this field there are rare researches evaluated the impact of organizational environment simultaneously on employee’s attitudes and behavior. Thus the present study has evaluated the relationship between organizational environment and motivational orientation, and job satisfaction (as an attitudinal variable) and performance (as a behavioral variable).

2 - Theoretical foundations and research background

2-1 - Job performance

Performance has been defined as effective implementation of duties and job activities (Organ, 1998) or achievement of organizational and career goals effectively (Podsakoff, 1990). One of the basic goals of organizations is increasing performance in order to achieve greater effectiveness. Increase of performance leads to
increase of organizational profitability, increase market share, increase efficiency of investment and improve the position of service organizations in the community. The research literature has listed two types of performance for human resources. In the first type performance is applied to performing job duties and activities effectively. This type of performance is known as in-role performance. In fact in most of the researches, performance refers to in-role performance. The second type of performance refers to the individual’s performance beyond job duties. In fact, this type of performance refers to behaviors and activities of humans in relation with activities other than job. This type of performance is posed as extra-role performance (organizational citizenship behavior).

Studies show that employees’ perceptions of organizational environment or what is known as workplace are the most predictors in organizational citizenship behavior (Podsakoff et al, 2000). In fact, many of the dimensions of organizational environment shows the working features and conditions of employees and these conditions effect on performance, behavior, motivation and attitude of staff (Farr et al. 2000).

2-2 - Organizational environment

Organizational environment refers to common perceptions regarding policies, activities, and organizational instructions honored, supported and expected by an organization (Schneider and Richers, 1983). Preliminary studies on the relationship between organizational environment mostly emphasizes on the uniformity of environment and often define the organizational environment as a way of dealing with people. This type of research in general expects a type for environment. In recent years, research has been lead to define types and dimensions for the organizational environment. This type of classification emphasizes on certain aspects of the environment (Newman and Bennett, 2000).

In the present study, based on Marybeth Kinsey study (2008), the four specific organizational environments were used as the general representative of the organizational environment. Kinsey (2008) in an attempt to explain the types of organizational environment to indicate the overall organizational atmosphere used a framework called competing values framework and explained the four specific organizational environments as competing values in the organization and introduced these four types of special environments as the representative of the organization's overall environment. These four organizational environments include: human relations environment, internal processes environment, reasonable goals environment, and open system environment.

Following, various types of organizational environment used in this study are described.

2-2-1 - Competing values framework

"Organizational environment explains some values which are important for individual (Schneider, 1973: p.248)." In other words, the value emphasized in the work environment reflects what the person thinks is important. Social system values of the organization (units, ward, and departments) represents a kind of values limited to specific situations which penetrate the entire organization. "The organizational environment is rooted in value system of the organization (Denison, 1996: p.624)." Grojin, Resik, Dixon, and Smith (2004) argue that these organizational values reflect in policies, procedures, guidelines and activities of the organization. Individual’s perception of these organizational instructions, procedures, and activities consist the organizational environment. So organizational values are indirectly linked with the organizational environment but are not the same as organizational environment. According to Astrof et al. (2003) organizational structure (flexibility vs. control) and organizational orientations (inward orientations vs. outward orientations) are two major organizational dimensions affect the individual’s perception of the organization effectiveness. According to these researchers, when these two dimensions merge 4 orientations are formed which reflect some types of various dimensions of organizational values. Below has studied the two dimensions mentioned by Astrvf (2003).

2-2-1-1 - The organizational orientations dimension

The first dimension of competing values framework focuses on the organizational orientation and notes whether the organization is endogenous or exogenous. In the endogenous organization the emphasis is more on employees, while in exogenous organization the emphasis is more on the organization. Endogenous organizations more emphasize on employee’s health, development and relations; in such organizations human is the unique component and needs a particular information and attention. In the exogenous organizations the organization health and its growth is emphasized. Extraversion justifies the appearance of the organization and enables it to continue its activities properly in the change process and acquire the needed resources.

2-2-1-2 - Structure dimension

In the competing values framework, the continuum of flexibility-control is indicative of how the organization in their inner structures creates balance between control maintenance and durability, and external challenges such as
competitiveness and growth. On the continuum at the control side, the organization is faced with external and compulsive control mechanisms such as policies and procedures. On the other side (the flexibility), the organization is face with internal control mechanisms such as the control based on organizational commitment and training. By cutting the corporate orientations and organizational structure, four quadrants form which reflect the four competing values: human relations (consistent with the inward orientation and flexibility), internal processes (consistent with inward orientations and control), open system (consistent with outward orientations and flexibility), and reasonable goals (consistent with outwards orientations and control). These values reflect the core value orientations of most of the organizations (Kaliat, Bluedorn, and Gillespy, 1999).

Figure (1): Types of organizational environment

2.2.2 - The human relations environment

The environment of human relations concerns the mutual understanding of morale, solidarity and human resource development. In this organizational environment social systems orientation are inward and flexible; and a great stress is on cohesion, morale and human resource development. In this environment the social system concerns the recruitment, training and motivation of individuals. Also a great focus is on development of a positive working relationship between staff which results to balance of interests of personnel and will increase the level of satisfaction and loyalty.

2-2-3 - The internal processes environment

Internal processes environment refers to the common perceptions of information, communications, stability and control management. In this environment it is felt (perceived) that the social system is focused on internal orientations and control. This organizational environment deals with organizing and structuring of the social system. This environment emphasizes on regulation of internal working relations to obtain the purposes of sections and departments within the organization.

2-2-4 - The open systems environment

This environment refers to the common perceptions of growth, resource acquisition and external support. In this environment it is perceived that the focus of organizational social systems is on outward orientations and flexibility. In this environment organizational social system stresses on harmony and compatibility of external changes in the environment. The social system must be coordinated with other outside social systems to be properly compatible with the external imposed changes.

2-2-5 - Reasonable goals environment

The reasonable goals environment refers to common perception of the organization's outward orientations and focus on productivity and program planning. This type of organizational environment is people's common perception of the organization being outward and controlling. In this atmosphere social system focuses on producing valuable efficiency for environmental sections and other organizations to survive and maintain its durability. So the attention is on maintaining social system against other social systems and compatibility with environmental changes.
2-3 - Job Satisfaction

Job satisfaction is defined as a pleasant psychological state achieved through individuals’ positive assessment of whether their job can provide their professional values. (Spector, 1997). It has been revealed that job satisfaction is a general and universal reaction to job conditions and reactions, and impressions of various aspects of the job (Brown and Peterson, 1993). The traditional theories of job satisfaction state that variables associated with job are involved with satisfaction or dissatisfaction of employees (Greenberg and Baron, 2008). Hartlin and Ferrell (1996) define job satisfaction as a psychological state resulting from individual’s assessment of his job. George and Jones (2008) argue that job satisfaction is an accumulation of feelings and beliefs of individuals about their current job. According to Avrili (1991) job satisfaction is individual’s attitude toward the fitness of his job with the individual himself and these attitudes relate to the assessment the individual of organizational environment and cognitive beliefs about his job (Vis and Kropanzano, 1996). The importance of job satisfaction in the organization is that job satisfaction is related with important job outputs such as performance, constructive behavior and customer satisfaction in the organization (Sasking et al, 2000)

2-4 - Organizational environment, job satisfaction and performance

Previous researches indicated the relationship between individual perceptions of organizational environment and many individual motivations, attitudes and behaviors. Many dimensions of organizational environment indicate features and circumstances in which employees work and naturally it affects their performance (Farr et al, 2003). Amabayl (1997) states that the most direct and the most important impact of workplace is motivation.

Professional activities, procedures, instructions and rules create internal and external motivation that includes performance orientation and dominance orientation (Dvyk and Lodge, 1988). Motivational concepts such as performance orientation and dominance orientation and develop different behavioral and attitudinal response patterns (Kanfr, 1990). Finally it should be said that empirical researches has confirmed the relationship between goal orientation and job satisfaction and performance (Glatly and Irving, 2001). The mentioned cases show that in general there is a theoretical basis for this study.

3 - Methods:
3-1 - The research hypotheses
Main Hypothesis 1: The organizational environment has an impact on job satisfaction of Shiraz University staff.

Sub-hypotheses:
First hypothesis: human relations environment has an impact on job satisfaction of Shiraz University staff.
Second hypothesis: open system environment has an impact on job satisfaction of Shiraz University staff.
Third hypothesis: internal process environment has an impact on job satisfaction of Shiraz University staff.
Fourth Hypothesis: reasonable goals environment has an impact on job satisfaction of Shiraz University staff.
Main Hypothesis 2: The environment of organization has an impact on performance of Shiraz University staff.

Sub-hypotheses:
The fifth hypothesis: The human relations environment has an impact on performance of Shiraz University staff.
The sixth hypothesis: The open system environment has an impact on performance of Shiraz University staff.
The seventh hypothesis: The internal process environment has an impact on performance of Shiraz University staff.
The eighth hypothesis: The reasonable goals environment has an impact on performance of Shiraz University staff.

3-2 - Research Methodology
The objective method of this research is application and its data collection method is descriptive correlation.

3-3 – Statistical population and sample, the research domain:

The statistical population of this study consisted of all the official, contractual and agreement staff of Shiraz University that were over 989 people. To determine the sample size the Morgan and Kerjesy sample table was used (1977), which is based on the Cochran formula. Based on the table, sample size was determined as 280 samples. To select the sample individuals, stratify sampling method with a fixed ratio was used. Thus the list of all the official, contract and agreement staff of Shiraz University and individuals were selected through non-relation stratified method and were questioned. 254 valid questionnaires were returned of 280 sent questionnaires and were analyzed.

3-4 - Methods of analysis:

Kinsey questionnaire was used to measure the organizational environment (2008), which is comprised of 32 indicator. Each goal includes 8 indicators. This scale is the four dimensions of organizational environment: human
relations environment, open systems environment, internal process environment and reasonable goals environment, each have 8 indicators. To measure the effectiveness of the performance (job performance) Citizenship Behavior Questionnaire of Lee and Allen (2002) has been used. The questionnaire included 18 indicators of which the first 10 indicators (indicators 49 to 58) are considered to measure the individual citizenship behavior and the next 8 indicators (indicators 59 to 66) were considered to measure organizational citizenship behavior. To measure staff job satisfaction, the Spector (1997) questionnaire is used. Job satisfaction was measured by 25 indicators in 5 dimensions: satisfaction of job components (indicators 67,71,77,82,86), satisfaction of supervision (indicators 70,75,80,84,90), satisfaction of colleague (indicators 72,76,81,87,91), satisfaction of upgrading (69,74,79,85,89) and satisfaction of benefits (68,73,78,83,87).

3-5 - Validity and reliability of the questionnaire

To confirm the validity of the questionnaire, the opinions of experts in the field of research was used and to determine the reliability, Cronbach's alpha technique has been used. The resulting coefficients for the human relations environment, open systems environment, internal process environment, rational goals environment, are calculated respectively, 0.68, 0.68, 0.76, 0.63. Cronbach's alpha of individual citizenship behavior was 0.84 and for organizational citizenship behavior was 0.73. The Cronbach's alpha coefficients for the components of job satisfaction, supervision, colleague, promotion and benefits, are calculated respectively, 0.37, 0.8, 0.6, 0.53, 0.66. Thus, the total reliability of the questionnaire is confirmed.

4 - Data Analysis

The causal relationship between dependent and independent variables was investigated, using structural equation modeling through Lisrel 8.53 software. This is not only the final step of confirmatory factor analysis, which previously has been done on the research variables, but also through the model fitting parameters, shows the validity of the main proposed conceptual model. Outputs show the main model is fitted properly, because the RMSEA proportion to its degree of freedom in all models is less than 3, and also the amount of its GFI and AGFI in all models is higher than 90%.

Figure (2) the output model of organizational environment and satisfaction in the significant state

Evaluation of the effect of organizational environment on job satisfaction shows that only the reasonable goals variable does not have a significant association with job satisfaction, because the value of its t-value is below than 1.96, therefore the fourth hypothesis is rejected. But the t-value of the other three variables is higher than 1.96 and the significance of coefficients will be confirmed. Three other dimensions explain 31.1 percent of variations in job satisfaction. \( R^2=0.31 \), so the first three hypotheses are confirmed.
The output of Lisrel software indicates that the two indicators of human relations and the internal processes environment do not have a significant relationship with the environment of job performance, because the t-value is below than 1.96, therefore the fifth and sixth hypotheses are rejected. But the t-value of the other two variables is above than 1.96, and the organizational environment variable of open systems and reasonable goals explain 20% of the variations in job performance ($R^2=0.27$), so the eighth and seventh research hypothesis are confirmed.

5 – Conclusion

Results from multiple regression test of on job performance on various organizational environments indicates that the two variables of open systems and reasonable goals have a positive and significant relation with job performance.


The environment of open systems emphasizes on the outward orientation of the organization and also flexibility. The outward orientation means consistent and compatibility of organization with the environment and its changes and enables the organization to carry out its business properly throughout changes and acquire required resources. The organizational flexibility emphasis on decentralization in the organization and relies on some kind of internal control, such as control based on organizational commitment and training.

Open system and reasonable goals environment both are focused on the organization’s attention to external environment. So based on this relation it can be concluded that the University has a dynamic environment and the needs of its external beneficial are constantly changing, and it has a high job performance when pays attention and is aligned with environmental changes.

Also the result of multiple regression of job satisfaction on dimensions of organizational environment shows that the human relations environment and the internal processes environment are positive and significant predictors of job satisfaction and the human relations environment is the stronger predictor.

These results are consistent with the job fitting models approach of Davis and laff Kutis (1984) that emphasizes on the interaction of people and organizations in individuals’ job satisfaction. According to this model the organization’s environment is formed by individuals of that organization and also effects on the same individuals. In this model, the emphasis is on nature of interaction between environment and individuals. If the individual assesses that the environment is fitting, his job satisfaction will increase and intents to repay. It means that he will take a role in forming the positive organizational environment.

It can be said that development of positive working relationships among employees leads to the employees’ interest and high satisfaction and loyalty. As is shown, job satisfaction is a universal and general reaction toward job conditions and includes the reactions and impressions of various aspects of the job (Brown and Peterson, 1993). The result which indicates that organizational environment has a significant relationship with job satisfaction, is consistent with researches of Sadeghi and Fathi (2002), Nourbakhsh and Mir Naderi (2005), Ghasemi Nejad and others (2005), Syed Jvadin and others (2008), Downi and others (1974), Pony and Sung Neon (1986) Yasajangoan (2010).

The human relations environment emphasizes on the organization’s inward orientation and also flexibility. Endogenous organizations mostly stress on employees’ health, development and their relationships, and less stress on external environment and its changes. The flexibility of organization emphasis on decentralization, and also relies
on the internal control. In this organizational environment cohesion, morale and human resource development are greatly stressed, and social system is engaged with recruitment, training and motivation of individuals. Also development of positive working relationship between staff is stressed and as a result of personnel’s interest will be balanced, and level of satisfaction and loyalty increases.

On the other hand, the internal relations environment refers to the common perceptions about information management, communications, stability and control and in this environment it is felt (perceived) that the social system emphasizes on inward orientation and control.

The organizational environment tends to organizing and structuring of social system. This environment also emphasizes on regulating the internal working relationships to achieve the goals of organizational sections and departments.

Given the above definitions, through the impact of the two positive components of human relations environment and internal process environment on job satisfaction it can be concluded that the inward orientations environment (attention to the employee) will increase job satisfaction, whether this environment is flexible or controlling, so the organization's attention to employees leads to job satisfaction.

Also open system environment refers to common perceptions of growth, resource acquisition and external support. In this environment it is assumed that the focus of social systems is on outward orientation and flexibility. Social system in this atmosphere emphasizes on harmony and compatibility with external changes in the environment. In this state social system must be coordinated with other outside social systems to be properly compatible with the imposed external changes.

Since open system does not pay attention to employees and merely the organization is considered, it leads to increase of job satisfaction in employees.

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