



**College of Business and Economics
Department of Management
MBA in Management Program**

**Organizational Climate and Employees' Organizational
Commitment In Midroc Construction Ethiopia**

**A Thesis Submitted to school of Graduate studies of Addis Ababa
University for Partial Fulfillment of the Requirements of the Degree of
Master in Business Administration in Management**

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Declaration

I hereby declare that the research entitled “**Organizational Climate and Employees’ Organizational Commitment in Midroc Construction Ethiopia**” is done with my own effort. I have produced it independently except for the guidance and suggestions of my research supervisor. I assure this study has not been submitted for any scholarly award in this or any other university

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ADDIS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES
COLLEGE OF BUSINESS AND ECONOMICS
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[MBA Program]

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Abstract

This research explores the relationship between organization climate and organization commitments in general. Effects of organizational climate dimensions on organizational commitment in particular. This study helps to see organizational climate experienced in Midroc construction Ethiopia and fill the gap that currently exists in the areas of the relationship between organization climate and organization commitment research.

In this research Likert type questionnaire were used to collect primary data and the study uses a means of quantitative research and administered to a sample of 170 employees at head office and selected three construction projects in Addis Ababa. Organizational climate and employees' organizational commitment questionnaire was adopted from Bekele Serbessa, (2014) and Dr Thomas F. Bergess, (2001).

In analyzing the collected data, Correlation and regression analysis was conducted for six dimensions of organizational climate and three dimensions of organizational commitment. According to this analysis, there was a poor positive correlation between organizational climate dimensions and Commitment. Therefore, the study doesn't support the six research hypothesis except the one associated with support dimension.

The result show that all organizational climate factors are not significantly contribute to organizational commitment of employees. Based on this it can be concluded that the change in organizational commitment is poorly explained by organizational climate.

Key words: Organizational climate, Organizational commitment

Chapter One

Introduction

1.1. Back ground of the study

As many of today's businesses continue to struggle to survive or remain profitable, it becomes important for managers to better understand the factors that influence employees and important employee-oriented work outcomes. The growing significance placed on understanding employees and their behavior within the organization has produced a great deal of interest in investigating employee perceptions of climate within the organization.

Organizations in the 21st century are facing more challenges than ever before. These challenges are not unique to any specific organization or industry, but affect all organizations, regardless of their structure or size. Organizational climate in particular is constantly challenged by changes impacting organizations today (Nair,2006). From human relations approach, employees have been accepted as the most important component of organizations. In order to make organizations much more effective and productive, perceptions of employees have become more important.

As the concept is related to perceptions of employees, organizational Climate has been attracting many researchers (Arabaci, 2011). Organizational climate has been described as an experientially based description of the work environment and, more specifically, employees' perceptions of the formal and informal policies, practices and procedures in their organization (Schneider, 2008). Litwin&Stringer(1968) also explained organizational climate as, the perceived attributes of an organization and its sub-systems as reflected in the way an organization deals with its members, groups and issues.

In a study of Suliman & Abdullah, (2005) on employee work outcomes and climate, emphasized the creation of work environments that enable employees to reach their full potential because this enhances employee satisfaction and commitment and increases their performance. They highlight the instability and unpredictability of organizational environments and also emphasize the increasingly vital role of the manager in ensuring that the required work is done in a climate conducive to performance.

The climate in organizations plays an integral role in how amenable (or hostile)

organizations are to change, be it internal or external, and how easily the organization can adapt to these changes or developments (Brown & Brooks, 2002).

Organizational climate has been researched in diverse situations, such as businesses, laboratories, schools and governments, making it difficult to determine which key dimensions are relevant to all of the above environments. As Koy and deCotiis (1991) reported that the large number of unique dimensions named in the literature should be summarized into a lesser number of common dimensions. Finally, they summarized into eight key dimensions: autonomy, cohesion, trust, pressure, support, recognition, impartiality, and innovation. Elsa Peña et al. (2013) under their work of exhaustive reviewing of the literature previously mentioned, they conclude that these dimensions are providing a reliable and valid general indicator of organizational climate.

The dimensions utilized to measure organizational climate in this study are the dimension developed by Koy and Decotiis together with dimensions identified by (Litwin and Stringer, 1968; Dippenaar and Roodt, 1996; Campbell et al. 1970). Hence, six key dimensions to measure organizational climate are used in this study which includes:

- Reward and recognition
- Autonomy
- Cohesion
- Trust
- Support
- Fairness

The relationship between organizational and its dimension discussed in detail in the literature review, chapter two.

1.2. Theoretical frame work of the study

As discussed before there is a general agreement that organizational climate is a multi-dimensional concept, and that a number of typical dimensions could be described, measurement and dimension of organizational climate differ based on purpose of investigation. The dimensions utilized to measure organizational climate in this study are the dimension developed by Koy and Decotiis together with dimensions identified by (Litwin and Stringer, 1968; Dippenaar and Roodt, 1996; Campbell et al. 1970). Hence,

six key dimensions to measure organizational climate are used in this study which includes: Reward and recognition, Autonomy, Cohesion, Trust, Support, Fairness. Therefore, in the next section the identified organizational climate dimension and their relation with organizational commitment will be discussed as theoretical frame work for the study which can used as base for developing the research hypotheses which show the relationship between organizational climate and organizational commitment.

1.2.1. Rewards and Recognition

In the emerging behavioral science theory of rewards, there is a confluence and synthesis of contributions from exchange, expectancy, and equity theories. As a result, rewards for work are defined as all those things, tangible and intangible, that the employee receives as a consequence of the employment exchange. Rewards refer to all the benefits, financial and non-financial; that an employee obtains through his/her employment relationship with an organization (Newman, 2010).

Recognition programs are designed to attract, motivate and retain talent. They communicate what is important to the organization, and encourage high performance amongst employees through reinforcement of desired behaviors. Recognition promotes a strong sense of leadership and support, and significantly impacts employee productivity, satisfaction and engagement. It also plays a role in reducing turnover and absenteeism in the workplace, and is often more cost-effective and flexible than cash awards. Although some organizations are improving in this area, feedback from employees indicates a need for greater recognition in the workplace.

According to Saks (2006) greater incentives and recognitions of the employee's performance, contribute that employees might be satisfied in their mind and also this workplace was fit to them. When the employees received recognitions or rewards from their organization, they would be willingness to react through their best level of commitment towards their organization.

1.2.2. Autonomy

Autonomy refers to a context of accountability, authority and responsibility (Mrayyan, 2006). According to Choudhur (2011) Autonomy refers to freedom or independence to use power without any fear. It means giving freedom to the employee to enjoy power of a

position but within certain limits set by the organization. Management respects employee's feelings and encourages them to take the responsibility. Autonomy increases with the responsibility of a person. The outcome of autonomy is development of mutual respect between employees and employers and confidence among employees. Effective delegation can bring proper autonomy in the organizational climate (Choudhury, 2011). Newman (2010) also define Autonomy as the ability of the employee to determine the way and manner in which they carry out their job. It is an important intrinsic motivator and should be positively related to commitment as it helps to satisfy the internal psychological needs of the individual employees.

According to Oldham (1976) Autonomy refers to the ability of the employee to determine the way and manner in which they carry out their job. Reasonable autonomy creates an organizational climate where organizational commitment can be nurtured and developed. They also indicated that the lack of autonomy and the use of close supervision in organizations result in diminished performance and employee stress.

1.2.3. Cohesion – Team Work

The nature of cohesiveness in a group is a reflection of the level of communication and bonding among group members and results in task, role commitment, group pride and interpersonal attraction (Rosh, Offermann, & Van, 2012; Shaw, 1981. Hosseini (2012) defined team work as defined by as a cooperative process that allows ordinary people to achieve extraordinary results. A team has common goal or purpose where team members can develop effective, mutual relationships to achieve team goals. Team members must be flexible enough to adapt to cooperative working environments where goals are achieved through collaboration and social Interdependence rather than individualized, competitive goal. According to Steers (1977) opportunities for social interaction positively correlated with feelings of commitment. Astri(2011)also stated that, teamwork facilitates the meeting of affiliate needs within the workplace and has been directly connected to organizational commitment.

1.2.4. Trust

The literature reviews show that trust in an organization is a very important topic for workers and managers, which it influences the performance and the atmosphere of work. Trust can be defined as “one's expectations, assumptions or beliefs about the likelihood

that another's future actions will be beneficial or at least not detrimental to one's interests" (Robinson, 1996, cited in Sanna Malinen, et al 2013). Trust is defined as the belief or confidence in a person or organization's integrity, fairness and reliability (Denison and Mishra, 1995; Lipnack and Stamps 1997). According to Mayer and Gavin (2005) trust in management, particularly during times of uncertainty, is likely to influence one's commitment in the organization. Trust is believed by many to be a crucial ingredient of organizational effectiveness, and its role in the workplace is increasingly attracting the attention of organizational scholars Afsar and Seed, (2010). Trust-based relationship between subordinates and supervisors play an important role in acting for the accomplishment of organizational goals in cooperation, increasing efficiency and productivity in the organization as a whole (Brower et al, 2009).

Organizational trust is shown as an important factor in improvement of organizational commitment and realization of organizational aims. Trust in organization probably affects all activities of the organization. Existence of a climate of trust in an organization keeps employees and management together and enables them to trust each other and act openly.

According to Dirks & Ferrin (2002), being supervised by someone that one does not trust can be psychologically distressing, and this distress will likely affect one's job attitudes, one such attitude is affective organizational commitment. Thus, we expect that trust is related to build employee commitment.

1.2.5. Support

Organizational support theory explains how perceived organizational support develops and yields positive consequences for employees and organizations. The theory states that employees view their organization as having a disposition to view them favorably or unfavorably as reflected in the treatment it provides them (Eisenberger, Huntington, Hutchison & Sowa, (1986)). Supportive environment Create and maintain a workplace where employees feel supported. This may entail making some short-term sacrifices in order to support others and build trust, such as leaders sacrificing some of their time to mentor staff. Listen, show empathy, and express understanding.

Some individuals might base their sense of perceived organizational support upon such factors as the organization members "willingness to provide them with special assistance or special equipment in order to complete a project". Others might develop a strong sense

of perceived organizational support based upon the organization members' willingness to provide them with additional opportunities for training in an area that was of particular interest to them. Furthermore, employees are frequently sensitive to relevant environmental and organizational constraints that might limit the ability to provide them with desired Rewards. Eisenberger (1990) suggested that an employee's view regarding organization is strongly concerned to their relationship with supervisor. If supervisor support, open communication and have good relationship with employees, the employee's turnover intention is likely less and more engaged with organization.

According to Oldham, (1976) Satisfaction with supervision is likely to be an important predictor of organizational commitment employees. Because supervisors create much of a subordinate's work environment they might be described as representing the organization to the subordinates. Thus, supervisors play a crucial role in the perceptions employee form about the organization's supportiveness and the extent to which they can be trusted to look after their interests. It follows that satisfaction with supervision could be expected to positively relate to organizational commitment.

1.2.6. Fairness

In a more recent study of fairness at the group level, Naumann and Bennett (2000) introduced the concept of "procedural justice climate," which is a group-level cognition about how a work group as a whole is treated.

Leaders must keep their promises and treat employees with respect and dignity. Give adequate feedback on tasks and decision-making processes. Explain to employees the criteria for performance related benefits, such as rewards, raises and promotions. When procedures such as performance appraisals are consistent and transparent they are more likely to be perceived as fair.

Employees are concerned with both the fairness of the outcomes that they receive and the fairness of their treatment within the organization (Williams, 2002). The first fairness perception is distributive justice, and it addresses the organizational reward system (i.e., equity theory). If employees perceive unfair compensation, and then they may be less likely to perform, produce, and commit to the organization. Organ (1990) suggested that perceived procedural unfairness alters an employee's relationship with the organization from one of social exchange (i.e., diffuse obligations based on reciprocal trust), in which

citizenship behaviors are likely to be one of economic exchange (i.e., contractual obligations and precise terms of exchange), to one in which the employee does only what is required. Aquino (1995) has explained that interactional justice is in action when the supervisor gives an accurate performance rating. According Aquino (1995) interactional justice has an effect on trust in management, organizational commitment, and withdrawal behaviors.

1.3. Organizational commitment,

According to Dilys Robinson, (2013), said that; “We might think of commitment simply in terms of feelings of obligation or emotional attachment.” However, in the last 15 years, a growing consensus has emerged that commitment should be viewed as a multidimensional construct. Allen & Meyer (1990) developed an early model that has received considerable attention. The three-component model they advocated was based on their observation that existing definitions of commitment at that time reflected at least three distinct themes:

- ⊙ An affective emotional attachment towards an organization (Affective Commitment);
- ⊙ The recognition of costs associated with leaving an organization (Continuance Commitment); and
- ⊙ Moral obligation to remain with an organization (Normative Commitment).

Therefore, in this study the above three factors used as dimensions of organizational commitment.

1.4. Statement of the problem

Organization should pay attention to how employees perceive their organization practices, work environment and how such work environment stimulates commitment to the organization given the fact that employees are the organizations’ most important asset. Castro and Martins (2010) stated that an organizational climate in a particular organization is constantly challenged by the increasing number of changes impacting on organizations today. According to them these changes relate to restructures, mergers and acquisitions, technological trends, political and international trends, increased competition as well as the local and international economy. If these changes are not managed appropriately by the organization, they could result in a change in the behavior and perception of individuals employed in the organization.

In addition to favorable organizational climate, Employees' commitment to the organization is a crucial issue in today's changing world and the level of employees' organizational commitment is influenced by number of factors. Organizational commitment is becoming more important than ever before, because organizations need to ensure that those individuals who add value to their bottom line wants to commit in the organization and want to continue pouring their effort in to their work to the benefit of the organization (Brown & Leigh,1996). Chughta & Zafar (2006) explained that commitment is negatively related to turnover, absenteeism, counterproductive and positively related to job satisfaction and motivations; and non-committed employees may describe the organization in negative terms to outsiders.

Organizational climate plays a very important role on employee's behavior and in enhancing organizational commitment of employees, in consequence organizational climate affects organizational outcome positively as well as negatively. Understanding that people are the greatest asset an organization has, management in an organization would be expected to take the time to investigate what may influence an employee or his or her behavior. Therefore, organizations need to know how organizational climate affect employee commitment and which organizational climate has an impact on organizational commitment.

Some Previous organizational climate studies have been conducted (McMurray, Scott and Pace,2004; Iqbal,2007; Benjamin,2012; Fauziahetal. 2010 and Arora and Nuseir, 2010; Jyoit 2013). Their research finding shows that there is a positive relationship between organizational climate factors and employee's commitment to organization. However, these studies were conducted across a range of industries and organizations in foreign countries and their empirical studies have some different conclusion.

On the other hand, the organization climate differs from country to country and from industry to industry(Muchinsky,1976). Therefore, this study assesses the relationship between organizational climate and organizational commitment in Ethiopian. Specially in construction sector.

In Ethiopia, currently construction industry is increasing in number in different level and the competition among construction companies is very strong. Hence the workforce and human resource systems to produce corporate- level competencies that create sustainable competitive advantage are the key factors of winning the competition. They need to have

employees who are passionate about their work and strive to take their organization to greater heights. Astri (2012) also suggest that organizational commitment is very important for managers in organization either government organization or private sector for their success.

Henceforth, the organization climate factors related and with employee's commitment factors. Nature of influence of organizational climate on organizational commitment of employees is better to be clearly studied so that it will foster in developing the organizational commitments. Empirical study of organizational climate in the construction industry, especially in Ethiopia is limited and the construction sector was purposively selected to undertake this study.

Therefore, the purpose of this study was:

- To investigate the relationship between organization climate and organization commitments in general.
- To see effects of organizational climate dimensions on organizational commitment in particular.
- To see organizational climate experience in construction sectors and fill the gap that currently exists in the areas of the relationship between organization climate and organization commitment research.

1.5. Objectives of the study

1.5.1. General objective

The general objective of the study was to investigate the effects of organizational climate on Employee's organizational commitment.

1.5.2. Specific objectives

1. To investigate the relationship between organizational climate dimensions and Organizational commitment
2. To see the effects of organizational climate dimensions on employees' organizational commitment

1.6. Research Questions

The following research questions of the study will be formulated to investigate:

1. What are the relationship between organizational climate dimensions (Trust, autonomy, support, reward and recognition, Team-work and Fairness) and employees' organizational commitment?

1.7. Significance of the study

This study will provide guidance to the employer of construction sectors. Managers and leaders may have the information necessary to increase organizational commitment by making a relationship between organizational climate and employee commitment.

Moreover, numerous of previous studies were studied in western environment and there is lack of studies concerning organizational climate and organizational commitment in Ethiopia, in construction industry. In Ethiopia's context, adding to study will enriched the existing literatures hence giving a better understanding on the organizational climate from the Ethiopian organizations context.

1.8. Delimitation of the study

It is very difficult to conduct a research across the vast country, like Ethiopia as it requires much money and time, so that the researcher was forced to be delimited to certain areas. Due to this, the study was conducted only at Midroc Construction head offices, Kaliti maintenance Department and Two selected Projects found in Addis Ababa as the researcher cannot reach other projects outside the capital within the given time as well as with the availability of financial capacity.

Therefore, the researcher delimited only to selected projects located in Addis Ababa because of the aforementioned reasons even though it is very important to conduct this study across the country. The selected projects were Red Cross Head office building construction, Ambassador Cinema area and Lamie Dairy Construction of Buildings, Lamberet area.

1.9. Limitation the study

Although there were notable contributions from this study, there were certain limitations. One limitation of this research was the lack of studies conducted in Ethiopia, investigating the relationship of organizational climate and organizational commitment, especially in construction industry, making comparisons with this research impossible. In addition, there is no adequate literature which conducted in this area of study.

There is no consensus on the definition of organizational climate, and there is controversy about how the concept should be measured. Another limitation of this study was there is no widely accepted set of organizational climate dimensions and as such studies seldom make use of the same dimensions, which makes it difficult to compare results from one study to the next.

Since the research study was conducted in a certain geographical area and in construction sector; it might not be generalized to other organizations which operate other than construction business. Therefore, future research should be conducted on large scale by considering more organizations and wide area overall country.

CHAPTER TWO

Review of Related Literature

The aim of this chapter is to review the literatures on the concept of organizational climate and organizational commitment with their measurement. It will also address definition, dimensions and models and theories of organizational climate & commitment. The role that climate & commitment play in an organization and how it is measured will also be explored.

2.1. Organizational Climate and Organizational Commitment

2.1.1. Organizational Climate

The concepts of Organizational Climate needs to be clarified in the context of this research. Organizational climate may be summed-up very succinctly as “what it feels like to work here”. Modern Human resource approach believe that, employees have been accepted as the most important component of the organizations. Armstrong (2009) stated that improved performance is achieved through the employees in the organization. In order to make organizations much more effective and productive, perceptions of employees have become more important. As its concept is related to the perceptions of employees, organizational Climate has been attracting many researchers Arabaci, (2011). Organizational Climate is a fundamental construct in work and organizational setting, as it provides an appropriate context for studying organizational behavior, allowing the exploration of individual and group behaviors.

The concept of organizational climate backs to the early 1900 with work of Lewin (1951) who suggested that climate is characterization of the salient environment stimuli and is an important determinant of motivation and behavior. This has resulted in organizational climate being the direct or indirect subject of many behavior projects and emerging as constructs with many behavior consequences and also the subjects gained momentum with the work of Litwing and Striger (1968) who conceptualize organizational climate in relation to influence on motivation and behavior.

Various definitions and measures of organizational climate have been offered and various reviews of research on organizational climate has appeared. However, these definitions are

full with a lack of consensus mainly due to its association with the other construct. Each definition reflects the author's specific conceptualization of the construct and context of the study. Many authors define organizational climate in different concepts and perspective some the definitions of organizational climate were discussed as follows:

One of the earliest definitions of organizational climate was proposed by Forehand and Von Gilmer (1964). They viewed organizational climate to be comprised of qualities that discriminate one firm from another, that endure overtime, and help to control actions of employees within the organization. Organizational climate is a perception of the psychologically important aspects of the work environment and recognized as a potential influence on employees' workplace behavior and job satisfaction (Haritha and Subrahmanyam, 2013). Litwin and Stringer (1968) define organizational climate as a set of measurable properties of the work environment that is directly or indirectly perceived by the people who live and work in said environment and is assumed to influence their motivation and behavior.

According to Emery, (1999) the organizational climate of an organization is like an individual's personality, that everyone has unique personality traits, it distinguishes one organization from other on the basis of perceptions of the employees about the policies and practices, cohesiveness of coworkers, recognition of task performed, supportiveness of management and regard for personal concerns, innovative style of performance and fairness in rewards, norms and attitudes that influence the behavior of employees at work. We can say also Organizational climate has the potential to influence the behavior of individuals in the organization.

As Haritha and Subrahmanyam (2013) organizational climate possesses the following characteristics:

- Climate can potentially influence an individual's behavior. It refers to the feeling of an organization.
- Climate is generally considered to be a molar construct that can change over time. It is perceived by and shared among organizational members, which can result in consensus among individuals.
- It consists of global impressions of the organization that members form through interacting with each other and organizational policies, structures and processes.

2.1.2. Organizational Climate Dimensions

Evidence from literatures suggests that there are no constant organizational dimensions/variables/ across the world that scholars agreed upon. Organizational climate has been researched in diverse situations, such as businesses, laboratories, schools and governments, making it difficult to determine which key dimensions are relevant to all of the above environments. This indicates that there is still considerable diversity in the number and type of dimensions used to explain the climate construct.

It is difficult to identify several core climate dimensions relevant to heterogeneous organizations because climate involves employees' perceptions of their work environments and different types of Organizations with their differing practices and procedures will have relatively unique climates (Muchinsky, 1976).

According to Denison (1996) the definition and theoretical positions on climate have varied considerably between the individual theorists. This has also been the case for dimensions of climate and measurement. Developing universal set of dimension was often central issues of the climate researchers so that comparative studies could make possible in different organization setting (Denison, 1996). This is also similar to the dimensions and measurement of organizational climate because various researchers use a wide variety of dimensions to assess organizational climate.

Schneider (1990) also suggests that the dimensions of organizational climate will differ depending on the purpose of the investigation and the criterion of interest and those general measures of organizational climate will contain dimensions that are not relevant for each specific study.

Castro and Martins (2010) discussed different dimension of organizational climate by different authors Litw and Stringer, (1968); Dippenaar and Roodt, (1996); Campbell (1970) Koys and DeCotiis (1991) identified that fifty-four dimensions of organizational climate reported in different in past literatures. They argued that the different dimension was interrelated with each other and have a similarity. They tried to reduce the total number of named dimensions to a manageable yet comprehensive universe of climate dimensions, several decision rules were established with respect to each of the reported dimensions Specifically, in order to be considered as a possible element of the universe,

the named dimension had to be: a measure of perception, measured in descriptive terms; and not be as aspect of organizational.

As Koys and deCotiis (1991) reported that the large number of unique dimensions named in the literature should be summarized into a lesser number of common dimensions. Finally, they summarized into eight key dimensions: autonomy, cohesion, trust, pressure, support, recognition, impartiality, and innovation. Elsa Peña et al. (2013) under their work of exhaustive reviewing of the literature previously mentioned, they conclude that these dimensions are providing a reliable and valid general indicator of organizational climate.

2.1.3. The Concept of Organizational Commitment

Studying employee behavior of organizational commitment becomes a challenging & important human resources management issue for senior managers to enhance competitive advantage of an organization. Employees are the prime resource and constitute core strength of the organization. Organizations often give importance to technology and systems than employees. The fact that, it is the employees who drive the technology and systems in an organization is not well remembered.

Organization commitment has been studied in the public, private, and non-profit sector, and more recently internationally. Multiple definitions of organization commitment are found in the literature. Morgan (1994) state that organizational commitment has been operationally defined as multi-dimensional in nature, involving an employee's loyalty to the organization, willingness to exert effort on behalf of the organization, degree of goal and value congruency with the organization, and desire to maintain membership. When looking at employee commitment within an organization, it is the relative strength of an individual's identification with and involvement in a particular organization. In relation to this, Allen & Meyer (1990) define employee commitment as a psychological state that characterizes the employee's relationship with the organization and has implications for the decision to continue employment with the organization.

Meyer & Becker (2004) define a committed employee as being one who stays with an organization, attends work regularly, puts in a full day and more, protects corporate assets, and believes in the Organizational goals. This employee positively contributes to the organization because of its commitment to the organization.

Mowday et al. (1982) mention three characteristics of organizational commitment:

(1) a strong belief in, and acceptance of, the organization's goals and values, (2) a willingness to exert a considerable effort on behalf of the organization, and (3) a strong intent or desire to remain with the organization. Abdullah (2012) stated that Commitment is a sort of bond between an employee and the organization he is working for. The strength of this bond is dependent on various factor and Organizational commitment has a strong relation with the employee behavior. Organizational commitment is associated with increased satisfaction, performance, and organizational adaptability as well as decreased absenteeism and employee turnover (Meyer & Becker, 2004).

2.2. Integration of Organizational Climate and Organization Commitment.

A theoretical integration of the two variables will be attempted once the literature on organizational climate and Commitment has been examined and the concepts and their dimensions clearly defined. The primary aim of this step of the research is to establish links between organizational climate and job satisfaction. The theoretical base for this study is the social –exchange theories perspective of organization commitment. The social exchange theory, or the norm of reciprocity (Gouldner, 1960), involves repayment; a person who receives a benefit from another reciprocates and provides something beneficial in return. According to these theory employees who receive socioeconomic resources from their organization may have a feeling of obligation to respond in kind and repay the organization in some form. One way for employees to repay their organization is to increase commitment to the organization (Cropanzano& Mitchell, 2005).

The employee's positive attitudes toward their organization is depend on employees' perceptions of how much the employing organization cares about their well-being and values their Contribution (Allen et al., 2003). As Aryeetal.(2002)explained the organization and employee relationship can be characterized as consisting of social and/or economic exchanges . According to Cropanzano & Mitchell (2005), social exchanges are “voluntary actions” which may be initiated by an organization's treatment of its employees, with the expectation that such treatment will eventually be reciprocated in kind. The exact nature and extent of future returns is a function of personal obligation, gratitude and trust in the organization.

According to Aryee (2002) Social exchange is premised on a long-term exchange of favors that exclude accounting and is based on a diffuse obligation to reciprocate, forming the basis of the conceptual underpinnings of research on work attitudes and behaviors.

As Eisenberger. (1990) stated, the process of social exchange is initiated by organizations when they signal that they value employees' contributions and are prepared to care for their individual interests and personal well-being. If such is achieved then according to exchange theory, employees will reciprocate with positive work attitudes and behaviors. This implies that, they will be more willing to exert extra effort and less likely to withdraw membership from the organization (Gouldner, 1960).

Individual comes to organization with specific skills and knowledge, satisfy their desire, and achieve their goals. To the extent that the organization is perceived and facilitating these needs, organization commitment is likely to increase (Decottis 1987). As discussed above, organizational climate is the atmosphere that employees perceive in their organizations by practices, procedures and rewards. Stated simply, people respond to work environments in terms of how they perceive these environments and a key substantive concern in perception is the degree to which individuals perceive themselves as being personally benefiting as opposed to being personally harmed (hindered) by their environment.

Therefore, the premises of the relationship between organizational climate and organizational commitment are based on the social exchange theory by Cropananzo and Mitchell (2005) who argue that obligations are generated through a series of interactions between parties who are in a state of reciprocal interdependence. The notion of reciprocal interdependence in the employment relationship is consistent with Robinson (2004), description of organization commitment as a two-way relationship between organization and employee.

According to Levering (1996), a good workplace with better organizational climate and HR practices is believed to produce higher-quality products, support more innovation, have the ability to attract more talented people, and experience less resistance to change and lower turnover costs, all of which translate directly into a better bottom line. Conversely, a dissatisfied worker may be able to solve his or her problem by leaving the job. If the source of dissatisfaction relates to organization-wide policies, organizational

turnover is likely to occur. If the primary dissatisfaction has to do with the job itself, the employee may display a very low level of job involvement, which refers to the degree to which people identify themselves with their jobs. Bluedorn (1982) stated that Individuals who have low organizational commitment are often just waiting for the first good opportunity to quit their jobs. With the recognition of the costs of highly talented people's turnover, many researchers have studied the factors that affect employees' turnover intention, which is defined as a conscious and deliberate willingness to leave the organization. Studies on organizational behavior have long been interested in understanding employees' perceptions of the work environment and how these perceptions influence individuals' work-related attitudes and behaviors. Social climate or atmosphere created in a workplace had significant consequences employees' perceptions of the work context purportedly influenced the extent to which people were satisfied and perform up to their potential, which in turn, was predicted to influence organizational productivity (Katz & Kahn, 2004).

According to McMurray, Scott and Pace (2004) Positive relationship between organizational climate and organizational commitment implies a few very important principles for human resource development. The climate of an organization is a result of the way in which workers perceive certain elements of the organization. Negative perceptions of work conditions, supervision, compensation, and advancement, relationships with colleagues, organization rules, decision-making practices, and available resources tell us that workers are living useless, uninspired, meaningless existences. As a result, the organization may become hateful to workers and one from which they withdraw their support. The climate in an organization affects both the workers' physical exertion of their bodies and the mental exertion of their minds (McMurray, Scott and Pace, 2004). Ruth (1992) stated that many workers have experience the effect of organizational climate at some point on their performance and commitment. Organizational climate dimensions are significant associated with attitudinal commitment of employees. The extent to which an employee perceived its organizational climate, directly or indirectly affects the exhibition of commitment of its job which in turn affects the growth of the organization positively or negatively (Ruth, 1992).

2.3. Empirical Review of the Studies

Due to varying national circumstances, institutions and cultures, organizational performance features and their effects on enterprise management in different countries not only possess similarities but also differences. There are not much direct studies on organizational climate and organizational commitment. Most studies focus on the relationship of organizational climate with some of the result variables such as performance, productivity, job satisfaction, organization citizenship behavior, intention to leave, turnover, labor management relations which play a crucial role in determining the overall wellbeing of any industrial organization. Even though not much direct studies on the relationship between two variables, there is certain previous researches have devoted a great deal of attention to the relationship organizational climate and organizational commitment. As the relationship between commitment and organizational Climate has been reported in the organizational and management literatures, they tried to shows organizational Climate has an influence on employee's organizational commitment.

Certain studies found a positive relationship between the two variables. For instance, F. Gheisari, A. Sheikhy, S. Salajeghe (2011) in their research on "Explaining the relationship between organizational climate, organizational commitment, job involvement and organizational citizenship behavior among employees of Khuzestan Gas Company" clearly show that, the correlation coefficient and standardized path coefficient between organizational climate and organizational commitment are 0.56 and 0.31 respectively that is statistically significant at the 95% level. It shows the office where there is a good organizational climate in which there is high level of organizational commitment. Mojtahedzadeh, suzan and Mastaneh (2011) in their Study on Relationship between Organizational Climate and Commitment staff in Sosangerd Azad Islamic University conclude that there is significant correlation between organizational climate and committing to institution. They utilized seven organizational climate dimension which are: structural, responsibility, reward, intimacy, supporting and identity rules dimension is with commitment, their finding shows all dimension positively correlated to organization commitment. The study of Astri (2013) under title on Organizational Climate as Predictor of Organizational Commitment: Evidence from University of Selangor more, was explore the relationship organizational climate dimension and organizational commitment dimensions and conclude that there is the significant relationship between

dimension of organizational climate (autonomy, cohesion, trust, pressure, support, recognition, fairness, and innovation) with organizational commitment (affective commitment, continuance commitment, and normative commitment). Zhang (2010) study under titled of, Organizational Climate and its Effects on Organizational Variables shows that, organizational climate has significant main effects on organization effectiveness like staff members' organization commitment and collective identity. Iqbal (2007) study under titled organizational climate and organization commitment evidence from Pakistan knit wear industry. The research utilized nine organizational climate dimensions (freedom, support, playness and humor, debate, trust, idea time, risk taking and conflict). The finding shows that out of nine variables six were found positive and significant relationship with commitment but the three dimensions (debate, risk taking and idea time has no significant relationship with commitment). He concludes that the dimension of organizational climate had greater influence on organizational commitment than organizational climate as whole.

Research finding of Benjamin (2012) on HR Climate and Employee Commitment in an organization show that a human resource climate influences Affective Commitment more than it does for Continuance and Normative Commitment. It is also show that although HR climate positive correlates with both Normative and Continuance Commitment, the relationship is not so strong. Affective Commitment is an employee's psychological attachment to the organization. Observed that those who perceive a positive human resource development within an organization are more likely to have higher feelings of affective commitment.

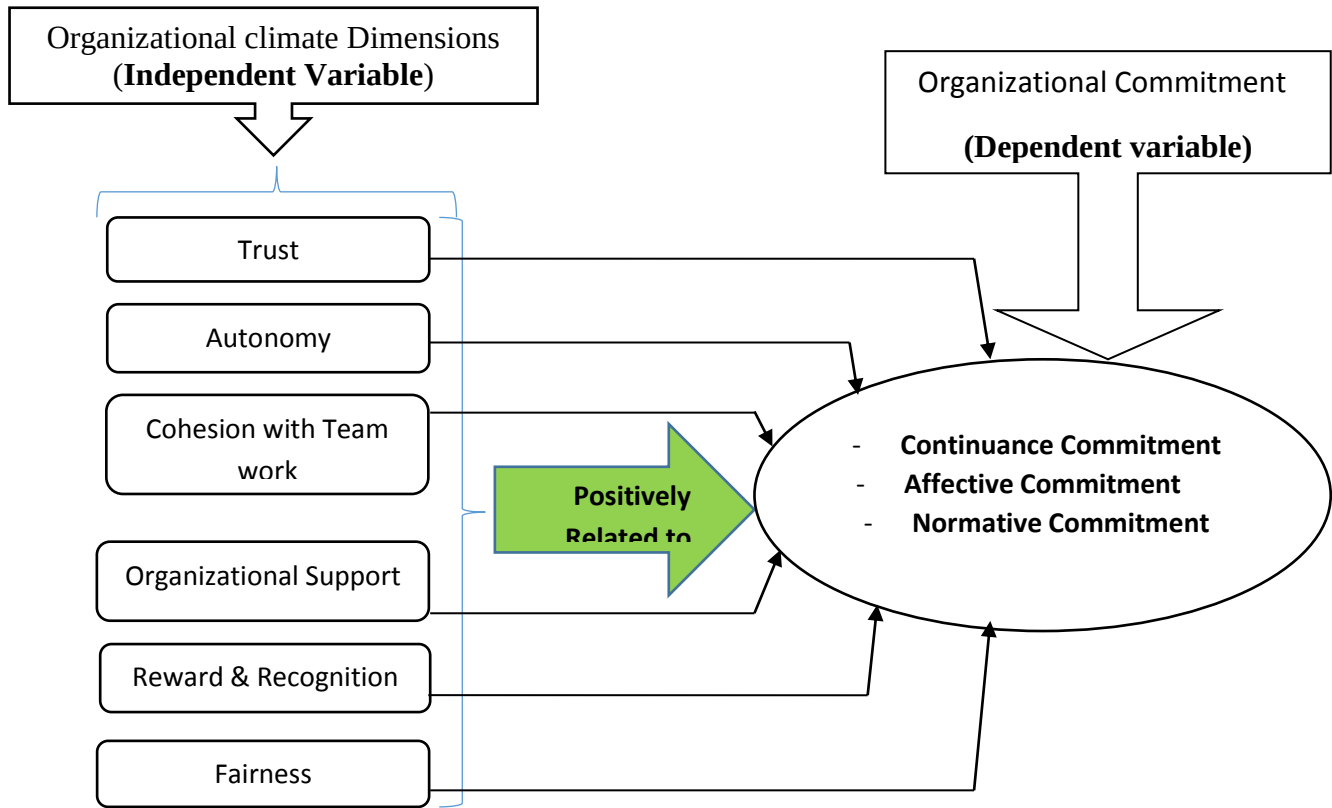
The study of McMurray, Scott and Pace (2004) through adapting eight organizational climate dimension under took the study on relationship between organizational commitment and organizational climate in three large automotive component manufacturers in Australia and they found that there is a significant positive relationship between measures of organizational commitment and organizational climate. Their results indicated that when respondents' reactions to organizational climate were positive, their reactions to organizational commitment were positive, and as a corollary, when a respondent's orientations to organizational climate were negative, their orientations to organizational commitment were negative. This implies that there is organizational climate can influence employee's commitment to their organization.

To sum up, as it has been discussed above there is some literature that describes the relationship between organizational climate and employee commitment from a multitude of angles and views. Some articles also repeat the related topics and findings and the author chose to include just to show that the findings are similar but from a wide range of domains. In many researches in the literature it was determined that there was a strong relationship between organizational climate and employee commitment (Arora and Nuseir, 2010; Zhang, 2010; McMurray, Scott and Pace, 2004; Benjamin, 2012; Iqbal, 2005; Fauziah et al. (2010); Astri, 2013) However ,the majority of empirical studies discussed above are based on different context and some organizational climate variables they included in their study were different within their respect studies. Despite those studies were generally conducted on different sectors of organizations, yet there have been few researches conducted in Ethiopian organizations especially which works in finance area.

2.4. Conceptual frame work

Based on the overall review of related literatures and the theoretical framework, the following conceptual frame work in which this specific study governed is developed. As explained in the literature, organizational climate has significant relationship influence on organizational Commitment. Therefore, in this study Organizational Commitment will be taken as dependent variable while, Organizational climate is as independent variable. In the independent variable organizational climate includes six dimensions such Trust on supervisors, organizational support, Reward and recognition, Fairness, Autonomy and cohesion of team workers. Based on the research literature and the above-mentioned materials, the research conceptual model of this study is as follows:

Fig 1: Conceptual frame work of the relationship between organizational climate and organization commitment.



Source: Adopted from Koy and Decotis (1991) and Allen and Mayer (1990)

2.5. Research Hypothesis

In order to find out the relationship and effect of organizational climate on employee's organizational commitment, the following hypothesis are proposed depend on the objective of the study, theoretical and empirical literature review. Hence, the results from the literature review were used to establish expectations for the relations of the two variables (independent and dependent variable). Therefore, with having theoretical, literature and empirical reviews' in mind the following hypotheses are developed:

H1: Trust has significant positive relationship with Organizational commitment

H2: Autonomy has significant positive relationship with Organizational commitment

H3: Team-Work has significant positive relationship with Organizational commitment

H4: Support has significant positive relationship with Organizational commitment

H5: Reward & Recognition has significant positive relationship with Organizational commitment

H6: Fairness has significant positive relationship with Organizational commitment

CHAPTER THREE

Research Methodology

3.1. Introduction

This study is intended to be carried out in Midroc Construction Ethiopia Plc at Head office and projects around Addis Ababa City. The study is designed as the cross-sectional for the quantitative study which used to gather the relevant and pertinent information with regard to organizational climate and employee's commitment. The unit of analysis is the major entity that is analyzed in a study. Thus, the unit of analysis for this study, individual's employees currently working at Midroc Construction Ethiopia Plc. The research would be survey research in type. According to Anol Bhattacharjee(2012) the survey method can be used for descriptive, exploratory, or explanatory research. This method is best suited for studies that have individual people as the unit of analysis. Survey research method is involving the use of standardized questionnaires to collect data about people and their preferences, thoughts, and behaviors in a systematic manner.

Survey research has several importance, its suited for remotely collecting data about a population who are that is too large to observe directly. Most of time questionnaire surveys are preferred by some respondent, its economical in terms of researcher time, effort and cost than most of research design. Some of the drawbacks of survey research are data may be superficial, it can be expensive to ensure representative data, data may not have internal validity, direction of one's own perception judgment and it lacks dynamism

3.2. Research Design

The research design for this study is the Cross-sectional method to assess the relationship between organizational climate and organizational commitment of employees in Midroc Construction Ethiopia Plc. In cross-sectional method, independent and dependent variables are measured at the same point in time using a single questionnaire Anol Bhattacharjee, (2012). The purpose of this research was to identify if there is a relation between the predictor variable and the response variable. The predictor variable was organizational climate, and the response variable was organizational commitment. Therefore, the study, said to be correlation in design because there is the intent to

investigate the relationship between dependent and independent variable of the study. According Reid (1987) Correlation research aims to ascertain if there is a significant association between two variables. Creswell (2005) also explained that the correlational research method is useful for identifying the type of association, explaining complex relationship so multiple factors that explain an outcome, and predicting an outcome from one or more predictors. In addition to investigating the relationship of the variables, the influence of independent variable (organizational climate) on dependent variable (organization commitment) was under taken through regression analysis. Creswell (2005) asserted that, regression is used for explaining a relationship among variables you are interested in determining whether one or more variables might influence another variable.

3.3. Research approach

The research approach which used for this study was Quantitative in Nature. Creswell (2005) asserted that, quantitative research is a type of research in which the researcher decides what to study, asks specific narrow questions, collects numeric(numbered) data from participants and analyzes these numbers using statistics, and conducts the inquiry in an unbiased, objective manner. Variables can be defined as attributes or characteristics of individuals, groups, or sub-groups of individuals(Creswell,2005). Quantitative study involves analysis of data and information that are numerical in nature and qualified (Sekaran,2003).

The purpose of this study was to see wether the response variable, organizational commitment, has a measurable relationship with the predictor variable (organizational climate). To achieve the aforementioned objectives, therefore the study adopts a quantitative research approach, as the methodology to provide a quantifiable statistical analysis of the responses to the survey.

3.4. Data Type and Source of Data

Primary source of data was used to undertake the study. The information gathered through questionnaires from the sample chosen respondents was used for primary data. According to Biggam (2008), primary data is the information that the researcher finds out by him/herself regarding a specific topic. The main advantage with this type of data collection is that it is collected with the research's purpose in mind. It implies that the

information resulting from it is re-consistent with the research questions and objectives. Therefore, the respondents' response through questionnaire was used as a primary source of data.

3.5. Data Gathering Technique and Instruments

The questionnaire was used to gather the primary data from the employees of the Midroc Construction Ethiopia Plc, which was distributed by the researcher to the respondents. For the purpose of this study close-ended items were used to measure dependent and independent variable. The Likert-type scale method used to range of responses: strongly disagree, disagree, Neutral, Agree, and strongly agree, with a numeric value of 1-5, respectively. The usage of this particular scaling method ensured that the research study illustrated the ability to assess the responses and measure the responses quantifiably so that a pattern or trend may be produced in order to answer the research questions. As Neuman (2003) explained, it is a process of asking many people the same questions and examining their answers with research questions.

As an organizational climate is something that individuals perceive in an organization, the measuring instrument used in this research therefore structured in such a way that data on individuals' perceptions were gathered. The measuring instrument can be described as a self-report questionnaire, which the participants had to indicate the degree to which they agreed or disagreed with each statement in every dimension in the questionnaire.

The instrument used in this study was a close-ended questionnaire that was developed through the adaptation of instruments from previous studies with some modification. Allen-Meyer's organizational commitment questionnaire (1990) was used to measure organizational commitment. On the other hand, DeCottis and Koys (1991) organizational climate questionnaires were used to measure organizational commitment and to obtain quantitative information about organizational climate and employees commitment.

- ❖ The factor loading analysis was presented at the appendix part.

3.6. Sampling design

3.6.1. Target Population

According to Hairetal. (2006), target population is said to be a specified group of people or object for which questions can be asked or observed made to develop required data structures and information. For this study, Employees of Midroc Construction Ethiopia Plc working at Head office and in different projects in and around Addis Ababa were selected as a population.

3.6.2. Sampling Frame and Sampling Technique

The sampling frame is a source from which the sample is selected. In this research, the participants of the study were professional employees of those selected projects who are working around Addis Ababa and Head office of Midroc Construction Ethiopia Plc. The sampling frame from which participants selected were all professional staff position level employees who are non-manager position employees.

The participants (respondents) were selected from Head Office and three construction projects exists in and around Addis Ababa. The study uses conventional sampling method was applied to select those individuals who were participating in responding the questionnaire from the selected branches.

3.6.3. Sample Size

Malhortra and Peterson (2006) stated that, larger the sampling size of a research, the more accurate the data generated but the sample size will be different due to different situation. Due to time and financial limitations and the nature of the population sample determination method developed by Carvalho (1984), was applied to determine a sample size:

Table 3.4: Sample size determination

Population size	Small	Medium	Large
<i>51-90</i>	<i>5</i>	<i>13</i>	<i>20</i>
<i>91-150</i>	<i>8</i>	<i>20</i>	<i>32</i>
<i>151-280</i>	<i>13</i>	<i>32</i>	<i>50</i>
<i>281-500</i>	<i>20</i>	<i>50</i>	<i>80</i>
<i>501-1,200</i>	<i>32</i>	<i>80</i>	<i>125</i>
<i>1,201-3,200</i>	<i>50</i>	<i>125</i>	<i>200</i>
<i>3,201-10,000</i>	<i>80</i>	<i>200</i>	<i>315</i>
<i>10,001-35,000</i>	<i>125</i>	<i>315</i>	<i>500</i>
<i>35,001-150,000</i>	<i>200</i>	<i>500</i>	<i>800</i>

Source: Carvalho(1984)

Therefore, based on Carvalhio (1984) sample size determination method, for this study to increase the accuracy of the data, a greater than medium sample size (>125) equals to 135, was selected. Accordingly, out of total population (1,278) the selected sample size was 170 employees who participated in this particular study.

3.7. Data Analysis

Once data is collected, it was necessary to employ statistical techniques to analyze the data, as this study is quantitative in nature. Data was entered and analyzed using SPSS 20 versions. Correlation analysis statistical tools were used to align with the objectives of the research, to test relationship between the two variables. Regression analysis was employed to determine the effect of independent variable (organizational climate) on dependent variable (organization commitment). Thus, both the strength of the relationship between variables and the influence of independent on dependent variable was assessed.

3.8 Validity and Reliability

Validity is concerned with how well the concept is defined by the measure(s). Therefore, this study tried to addresses validity through the review of literature and adapting instruments used in previous research Meera Shanker (2015). On the other hand, Reliability is concerned with the internal consistency of the items. Hair et al. (2007) defined reliability as the extents to which a variable or a set of variable is consistent in what it is extended to measure. As the current study uses multiple items in all variables, internal consistency analysis was carried out through Cronbach alpha reliability tests. Duffy, and Kilbourne (2001) asserted, Cronbach's α measure the consistency with which participants answers items within a scale. Duffy et al. (2001) further stated, a high α (greater than .60) indicates that the items within a scale are measuring the same Construct. SPSS version 20 used to produce the values for Cronbach's α . The results of the reliability analysis are presented in below table. Based on the results of the reliability analysis, one can conclude that the items are internal consistency.

Table 3.5 Reliability Analysis of the variables

	Number of Items	Cronbach's Alpha if Item Deleted
Autonomy	5	.817
Trust o	6	.791
Team Work/ Cohesion	6	.811
Rewards & Recognition	7	.817
Fairness	8	.786
Support	8	.798

CHAPTER FOUR

Data Presentation and Analysis

4.1. Introduction

As discussed in previous chapters this study attempted to examine the relationship between organizational climate and employees' organizational commitment. Therefore, the findings of the study were presented and analyzed in this chapter.

In order to assess the relationship between organizational climate and employee's organizational commitment, Correlation and regression analysis were conducted for scale typed questionnaire. A total of 170 questionnaires were distributed to employees and 135(79.4%) questionnaire was obtained valid and used for analysis. The collected data were presented and analyzed using SPSS 20 software version.

The study used correlation analysis to measure the degree of association between two Variables, under consideration Regression Analysis was also used to test the effect of independent variable on dependent variable.

4.2. Demographic Background of the Respondents

The demographic profile of the respondents was presented in this section. The personal profile of the respondents is analyzed as per their gender, age, levels of educational achievements, and years of service in the organization. Descriptive statistics was performed on the demographic variables as a means of describing the respondents.

The profile of the respondent shows in the following table:

Table4.1: profile of the Respondents

Back ground	Distribution	Frequency	Percentage
Work experience	2-5	39	28.9
	6-10	24	17.8
	10-14	24	17.7
	Above 16	48	35.6
Age	20-30	18	13.3
	30-40	30	22.2
	40-50	42	31.1
	Above 50	45	33.3
Gender	Male	92	68.1
	Female	42	31.1
Level of Education	High School	6	4.4
	Diploma	32	23.7
	Degree	86	67.4
	Master Degree	12	8.9

Source: From survey 2018

As depicted table 4.1, indicate that, the demographic profile of the respondents indicates that, most of the respondents are Male i.e.68.1%. The age of the majority of the respondents found above 50-year age group followed by respondents aged 40 to50. Therefore, most of the current sample employees of the company are above 40 and considerably old employees.

Most of the respondents are first degree holder's indicating 67.4%, followed by diploma holders which is 23.7%.

In this research, Demographical variables (gender age, level of education) and organizational variables were discussed to identify possible subgroups. To compare these subgroups with each other in terms of how they differ in respect of organizational

commentate t-tests and analysis of variance (ANOVA) were used. To ensure that a total organizational commitment and organizational climate score, representative of all the dimensions were used; the mean score for each dimension was calculated. Owing to the large number of dimensions, only the total organizational climate and organizational commitment data will be provided here.

4.2.1. Gender

The results of T –tests indicate that there was no difference between males and females regarding organizational climate and organizational commitment. Therefore, as this finding indicate the male and female have no difference perception on organization climate and commitment.

4.2.2. Working experience

A one-way between-group analysis of variance was conducted to investigate whether the respondents reported a difference in perceived organizational climate and organization commitment on the basis of number of years of service with the company. The subjects were divided into four groups according to the number of years' service with the organization (group 1: 2 to 5 year, group 2: 6 to 10years, group 3: 11to 15 years, and group 4: 15 years+). The results indicated that there is no statistical difference between service year group on perception of organizational commitment but there is statistical difference between service year group and organizational climate($p>0.05$).

Table 4.2 Analysis of variance: Comparing Organizational climate and organizational commitment with work experience group

		Sum of Squares	df	Mean Square	F	Sig.
Organizational Climate	Between Groups	3.057	3	1.019	1.944	.126
	Within Groups	68.677	131	.524		
	Total	71.733	134			
Organizational Commitment	Between Groups	5.141	3	1.714	3.357	.021
	Within Groups	66.859	131	.510		
	Total	72.000	134			

Source: survey 2018

4.2.3. Age

A one-way between-group analysis of variance was conducted to investigate whether the respondents reported a difference in perceived organizational climate and commitment on the basis of age group of employees. The subject was divided into four group 1: 20-30, group 2 :30-40, group 3: 40-50 group 4: above 50. The research result of the ANOVA is presented in table 4.3. The results indicated that there is a difference between age group on perception of organizational climate and organizational commitment.

Table 4.3 Analysis of variance: Comparing Organizational climate and organizational commitment by Age groups

		Sum of Squares	df	Mean Square	F	Sig.
Organizational Climate	Between Groups	5.702	3	1.901	3.770	.012
	Within Groups	66.032	131	.504		
	Total	71.733	134			
Organizational Commitment	Between Groups	4.435	3	1.478	2.866	.039
	Within Groups	67.565	131	.516		
	Total	72.000	134			

Source: Survey 2018

4.2.4. Level of Education

The research results of the ANOVA are presented in table 4.4 and indicate that for organizational climate there was statistical significance between the different groups of level of education $p < 0.05$. The results also, indicate that there is no statistical significant difference at the $p > 0.05$ level between the different levels of education regarding their perception of organizational commitment. The research result of the ANOVA is presented in table 4.4. Or The results indicated that there is a difference between the difference level of education on perception of organizational climate but not on organizational commitment.

Table 4.4 Analysis of variance: Comparing Organizational climate and organizational commitment by level of education groups

		Sum of Squares	df	Mean Square	F	Sig.
Organizational Climate	Between Groups	3.191	3	1.064	2.033	.112
	Within Groups	68.542	131	.523		
	Total	71.733	134			
Organizational Commitment	Between Groups	11.118	3	3.706	7.974	.000
	Within Groups	60.882	131	.465		
	Total	72.000	134			

Source: survey 2018

4.3. Inferential Statistics for Organizational Climate and Employees' Organizational Commitment

4.3.1 Correlation Analysis:

Correlations are the measure of the linear relationship between two variables. A correlation coefficient has a value ranging from -1 to 1. Values that are closer to the absolute value of 1 indicate that there is a strong relationship between the variables being correlated whereas values closer to 0 indicates that there is little or no linear relationship. As described by Andy (2006), the correlation is a commonly used measure of the size of an effect: values of ± 0.1 represent a small effect, ± 0.3 is a medium effect and ± 0.5 is a large effect.

In this section, correlation analysis conducted in the light of each research objectives and hypotheses developed. The relationship between organizational climate and employee commitment was Investigated using correlation analysis. This provided correlation Coefficients which indicated the strength and direction of relationship. The p-value also indicated the probability of this relationship's significance.

4.3.1. Correlation analysis between organizational Climate and organizational commitment

Correlation analysis was conducted to know of relationship between Organizational climate and organizational committeemen of employees in Midroc Construction Ethiopia.

Table 4.5 correlation Analysis of organizational climate and organizational commitment

		Organizational Climate	Organizational Commitment
Organizational Climate	Pearson Correlation	1	.056
	Sig. (1-tailed)		.261
	N	135	135
Organizational Commitment	Pearson Correlation	.056	1
	Sig. (1-tailed)	.261	
	N	135	135

Survey, 2018

As shown in the table 4.5, show that poor relationship or correlation between organizational climate and Organizational commitment. This indicates organizations with favorable climate increase has poor increase on commitment of employees and maintain a long term relationship with their organization.

The following correlation analysis is done between six organizational climate dimensions and the general OC of employees in Midroc construction. The result of this analysis is used to test the specific research hypothesis of the study.

Table 4.6 Correlation matrix of organizational climate dimension & organizational commitment

	Autonomy	Trust	Team Work	Rewards & Recognition	Fairness	Support	Organizational Commitment
Autonomy	1						
Trust	.572**	1					
Team Work	.591**	.594**	1				
Rewards & Recognition	.218**	.400**	.189*	1			
Fairness	.317**	.403**	.411**	.587**	1		
Support	.286**	.388**	.395**	.609**	.976**	1	
Organizational Commitment	-.095	.012	.021	-.026	.104	.141	1

** . Correlation is significant at the 0.01 level (1-tailed).

* . Correlation is significant at the 0.05 level (1-tailed).

Source: Survey, 2018

The above correlation matrix table (4.6) illustrates that the correlation coefficient of trust and team work on organizational commitment of employees ($r=.012$, $p<.01$) which show poor relationship. In case of autonomy and reward & recognition negatively correlated ($r=-0.095$ & -0.026).

The above correlation matrix also indicate that support and fairness dimension of organizational climate is weakly associated with organizational commitment with ($r=0.104$ and $.141$, $p< 0.01$).

4.4. Regression Analysis

The regression analysis was conducted to know by how much the independent variable explains the dependent variable. It is also used to understand by how much each independent variable explains the dependent variable i.e. organizational commitment. Therefore, regression analysis of organizational climate dimensions and organizational commitment was conducted and the results of the regression analysis are presented as following:

4.4.1. Multi-collinearity

In this case we can see or check whether there is perfect linear relationship between independent variables or not. As with ordinary regression, for this study the researcher was checked this assumption with Tolerance (the percentage of variance in the independent variable that is not accounted for by the other independent variables= $1-R^2$) and VIF (Variance inflation factors= $1/(1-R^2)$), indicates the degree to which the standard error are inflated due to the level of collinearity. Andy(2006) suggests that a tolerance value less than 0.1 almost certainly indicates a serious collinearity problem. (Liu2010) also suggests that a VIF value greater than 10 is as indicative of problematic collinearity. Because for concern and in these research data the values are below 10 for all predictors. It seems from these values that there is not an issue of collinearity between the predictor variables. This means that the derived model is likely to be unchanged by small changes in the measured variables.

Table 4.7 Multi-collinearity test

Model		Collinearity Statistics	
		Tolerance	VIF
	Autonomy	.975	1.899
	Trust	.936	2.996
	Team Work/ Cohesion	.965	3.179
	Rewards & Recognition	.898	3.515
	Fairness	.795	3.805
	Support	.814	3.927

Independent Variable: Organizational climate

Source: Survey 2018

Table 4.8: Regression between Demographic factors and Organizational climate dimensions.

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics
						Tolerance
1	Autonomy	-.134 ^b	-1.604	.111	-.140	.975
	Trust	-.059 ^b	-.689	.492	-.061	.936
	Team Work	-.037 ^b	-.441	.660	-.039	.965
	Rewards & Recognition	-.126 ^b	-1.442	.152	-.126	.898
	Fairness	-.023 ^b	-.250	.803	-.022	.795
	Support	.024 ^b	.257	.798	.023	.814

a. Dependent Variable: Organizational Commitment

b. Predictors in the Model: (Constant), Level Of Education, Work Exprience, Gender, Age
Source: Survey of 2018.

The results from table 4.8 indicate that even if there are no collinearity problems, demographic factors have no strong effect on organizational commitment, as the value of $p > 0.05$.

4.4.2. Regression Analysis of organizational climate dimensions and organization commitment

Table 4.9 Regression of organizational climate dimensions and organization commitment

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	Autonomy	-.123	.086	-.161	-1.428	.156
	Trust	.073	.102	.085	.717	.475
	Team Work	.010	.089	.013	.109	.914
	Rewards & Recognition	-.182	.105	-.195	-1.729	.086
	Fairness	-.541	.330	-.650	-1.638	.104
	Support	.761	.339	.901	2.244	.027

Dependent: organizational commitment

Source: **Survey 2018**

From table 4.9: As the result of regression analysis of organizational climate dimensions and organizational commitment, which indicates organizational climate dimensions have no strong influence on organizational commitment, except support dimension ($p < 0.05$, 0.027).

CHAPTER FIVE

Summary of the Findings, Conclusion and Recommendation

5.1. Introduction:

An inordinate amount of time and energy is spent focusing on customer experience, without giving thought to employee commitment and satisfaction. Yet employee commitment and satisfaction is paramount because it will determine the success or failure of what the customer experiences (Comm & Dennis, 2000). Collectively, committed and satisfied individuals achieve higher levels of job performance, which in turn increases organizational productivity and profitability. In return, these productivity and profitability gains will allow the organization to provide more rewards to its employees. That is, treating employees as a valuable asset for organizations provides a win-win foundation for both employees and organizations. Therefore, the first priority for an organization's knowledge management should be to manage the organizational climate in order to increase employee's commitment. This section outlines the findings of this study and their relationship to the relevant theory. Based on the results obtained from the study, a discussion of the theoretical and practical implications is presented. Recommendations to the management of the selected company, with regards to improving employee commitment are also presented.

The main aim of this research is to determine the relationship between organizational climate and employees' commitment in Midroc construction Ethiopia and based on the findings to recommend the organization to create conducive climate for its employees.

When we see the results found in previous chapter:

- ❖ The demographic profile of the respondents indicates most of the respondents are Male i.e. 68%. The age of the majority of the respondents found above 50 age group followed by respondents aged 40 to 50. Therefore, most of the current sample employees of the Midroc Construction are above age of 40 and considerably old. Most of the respondents are first degree holder's indicating 63% and majority has been working in in Midroc construction for between 2-5 years which is 28.9%.

The relationship between the organizational climate and organizational commitment was assessed using a quantitative survey. Inferential statistics of quantitative analysis revealed that no strong significant relationships between most of aspects of organizational climate dimensions and organization commitment. The correlation analysis result indicates that organizational climate ($r=0.056$) and its six dimensions i.e. Trust ($r=0.012$), Team Work ($r=0.021$), Fairness($r=0.104$), Support ($r=0.141$) have positive but poor relations with organizational commitment of employees and Autonomy ($r=-0.095$) and Rewards & Recognition ($r=-0.26$), have negative & poor relations with organizational commitment of employees in Midroc Construction Ethiopia.

The effect of demographic factors on dimensions of organizational climate assessed using regression analysis. So, even if the regression analysis shows as there is no collinearity problem, the demographic factors have no strong effect on organizational commitment. Because the significance value of all dimensions, $p > 0.05$, as shown in table 4.8.

The study also tries to test the effect of organizational climate dimensions on organization commitment using regression analysis. The result indicates organizational climate dimensions have no strong influence on organizational commitment, except support dimension ($p < 0.05$, 0.027). Organizational climate dimensions other than the support dimension have value of $p > 0.05$; Implies that their effect on organizational commitment is statistically insignificant.

- ❖ From the regression and correlation result it is observed that all organizational climate factors except support are have no significant contribute to organizational commitment of employees.

5.2. Conclusion

The objective of this study was to find out the relationship of organizational climate and its dimensions with organizational commitment of employees in Midroc Construction Ethiopia. Literatures indicate that the concept of organizational climate is not straight forward and there is no single, generally accepted definition or theory for the construct. However, a number of researchers defined it as a perception of organizational members and is shared, which can result in consensus among individuals.

Based on previous theories and researches regarding organizational climate and its outcomes, shows the links between organizational climate and organizational commitment, which helps to deeply understand the relationship and interaction between the two variables. Various study supports the viewpoints that positive organizational climate can enhance the positive perception of the employees to ward their organization and then increase their commitment to their organization.

But, based on this study finding, it can be concluding that there was poor positive relationship between organizational climate and employees' organizational commitment. This implies that when employees have high positive perceptions on organizational climate, their feeling of commitment no improved strongly to their organization. On the other hand, negative perceptions of organizational climate also have no strong effect on employees' to withdraw and to be uncommitted their organization.

The study finding indicated that organizational climate dimensions which were discussed in this study (Support, Fairness, Trust, Autonomy, Reward and Recognition and cohesion of team workers) have poor positive and negative association with employee's organization commitment and they are not more likely antecedents of organizational commitment of employees, according to this study.

In this study quantitative research were consolidated and related to various aspects of the literature. The literature indicated that organizational climate encompasses abroad range of objective organizational characteristics, practices and policies that could be perceived in either a positive or a negative way by organizational members. These perceptions consequently affect their behavior and occupational well-being as well as important organizational outcomes such as organizational commitment. These quantitative findings contribute to the understanding of how the organizational climate aspects relate to the

organizational commitment aspects with in the given setting of environment. Based on the discussion so far, it can be concluded that organizational climate plays an important role in enhancing organizational commitment of employees.

But in this study it is observed that organizational climate of Midroc construction Ethiopia, has poor relationship with the employees' of Midroc construction Ethiopia.

5.3. Recommendation

The findings of this study are believed to have some recommendations for practice. As we think of improving employee's commitment at Midroc Construction Ethiopia, we need to look in to the recommendations involved. Accordingly, the following recommendations are made on the basis of the research findings and the conclusion.

- ❖ The management of Midroc Construction Ethiopia should work hard to improve its employee's commitment and facilitate to increase organizational climate other than employees' perceived autonomy, trust on manager, team work, & Employees' perception toward fairness.
- ❖ Furthermore, the application of employee's organizational climate dimensions and the boosting of employees' organization commitment must be gravely considered other organizational dimension and along with actions taken in attaining strategic goals.
- ❖ In order to enhance employees' commitment more attention should be given to the assessment and development of organizational climate within HR activities of the firm.
- ❖ The last but not the least, in order to compete in the global market and achieve organizational goals, Midroc Construction Ethiopia should do more for an organizational climate which could lead to higher employees' commitment. By understanding and identifying other determinant dimensions of organizational climate, appropriate action could be taken in order to manage and control employees' commitment related event or acts.

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Appendix 1

1. Factor Analysis for Organizational Climate Items

Component Matrix ^a			
	Component		
	1	2	3
My supervisor is not likely to give me bad advice	.735	-.472	
Friendly atmosphere exist among most members of my work groups	.731		
Employees I work with are enjoyable	.730	-.461	
I organize my work as I see best	.714	-.394	
My outcomes reflect what I have contributed to the organization	.712	.320	
My supervisors help me as I learn from my mistake	.705	-.305	
My supervisors is easy to talk about Job-related problems	.704		
I am confident on a fair deal of my supervisor	.694	-.321	
There is a lot of team sprit among my work mates	.690	-.448	
My work group offer a support and encouragement to help each other's succeed	.659		
I feel like I have a lot in common with the Midroc Construction Ethiopia's employees I know	.639	-.459	
My supervisor has a lot of personal integrity (honesty)	.636	-.378	
My supervisor knows what my strengths are and tells me.	.636		
The objects my supervisors sets for my job are reasonable	.627	-.387	
I determine my own work procedure	.618		
I have independence for organizing my own work	.616	-.413	
The feedback I received appropriate for the work I have completed	.603	.496	
I have confidence on my supervisors to keep the things I tell him confidential	.573	-.391	
My supervisor is transparent	.570	-.407	
I set the performance standards for my Job.	.570	-.459	
Management of the organization delivers what they promise	.554		.497
Help is available from my organization when I have a problem.	.549	.547	
Our Staff members generally trust on their management	.542		.445

The supervisor are willing to listen to their employees	.526		-.473
Employees in my work group are usually easy to communicate with each other about work problem.	.496	-.451	
When employees do something well, the supervisors praise them	.488	.475	
The benefits offered at our organization are satisfactory	.485	.418	
My supervisors does not play favorites/discrimination	.459	.424	-.384
In our organization people get reward and recognition based on how well they do their jobs		.667	
My organization is quick to recognize good performance.	.509	.633	
My organization is supportive of my goals and values.	.486	.626	
This organization treats its employees better in terms of monetary Reward.	.370	.618	.331
In our organization the employees efforts are adequately rewarded	.403	.614	
I feel that rewards employees receive at our organization is fair	.509	.613	
The organization appreciates and takes care of employees Competencies.	.445	.608	
My organization really cares about my well- being.	.547	.581	
Promotion at my organization are handled fairly	.528	.533	
My organization cares about my opinion.	.450	.513	
I feel that the organization has care for its employees	.383	.462	.342
I make most of the decisions that affect the way I do my work.	.396		-.419

Extraction Method: Principal Component Analysis.

a. 3 components extracted.

Rotated Component Matrix^a

	Component		
	1	2	3
Employees I work with are enjoyable	.875		
There is a lot of team sprit among my work mates	.829		
My supervisor is not likely to give me bad advice	.812		
Friendly atmosphere exist among most members of my work groups	.808		

I organize my work as I see best	.802		
I feel like I have a lot in common with the Midroc Construction Ethiopia's employees I know	.776		
The objects my supervisors sets for my job are reasonable	.757		
My work group offer a support and encouragement to help each other's succeed	.741		
I set the performance standards for my Job.	.735		
My supervisors help me as I learn from my mistake	.710		
My supervisors is easy to talk about Job-related problems	.709		
Employees in my work group are usually easy to communicate with each other about work problem.	.697		
I am confident on a fair deal of my supervisor	.694		.312
I have independence for organizing my own work	.690		
My supervisor has a lot of personal integrity (honesty)	.670		
My supervisor is transparent	.644		
I have confidence on my supervisors to keep the things I tell him confidential	.642		
I determine my own work procedure	.635		
My supervisor knows what my strengths are and tells me.	.558		.425
My organization is supportive of my goals and values.		.854	
My organization really cares about my well- being.		.788	
My organization is quick to recognize good performance.		.786	
Help is available from my organization when I have a problem.		.785	
My organization cares about my opinion.		.732	
In our organization people get reward and recognition based on how well they do their jobs		.722	
This organization treats its employees better in terms of monetary Reward.		.720	
I feel that the organization has care for its employees		.712	
In our organization the employees efforts are adequately rewarded		.701	
The feedback I received appropriate for the work I have completed		.668	

My outcomes reflect what I have contributed to the organization	.358	.626	
The organization appreciates and takes care of employees Competencies.		.597	.583
I feel that rewards employees receive at our organization is fair		.593	.542
Promotion at my organization are handled fairly		.563	.490
When employees do something well, the supervisors praise them		.493	.338
The benefits offered at our organization are satisfactory		.419	.697
Our Staff members generally trust on their management			
Management of the organization delivers what they promise	.337		
I make most of the decisions that affect the way I do my work.			
The supervisor are willing to listen to their employees	.331		
My supervisors does not play favorites/discrimination		.452	

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

2. Factor Analysis for organizational commitment dimensions

Component Matrix ^a		
	Component	
	1	2
I think that I could easily become attached to another organization as I am attached to this organization .	.529	.241
I do not feel like part of the family in my Organization.	.662	.221
I do not feel "emotionally attached to this Organization	.806	-.042
I do not feel a strong sense of belonging to my organization	.805	-.112
This organization has a great deal of personal meaning for me.	.754	-.161
It would not be too costly for me to leave my organization now	.755	.249
Right now, staying with my organization is a matter of necessity as much as desire	.611	.225
I feel I have too few options to consider leaving this organization	.703	-.229
I think that, these days' people move from company to company too often	.702	.176

Jumping from organization to organization does not seem at all unethical to me.	.532	.247
If I got another offer for a better job elsewhere, I would not feel it was right to leave my organization.	.511	-.477
I was taught to believe in the value of remaining loyal to one Organization.	.781	-.379
Extraction Method: Principal Component Analysis.		
a. 3 components extracted.		

Rotated Component Matrix^a

	Component	
	1	2
I think that I could easily become attached to another organization as I am attached to this organization .	.676	.138
I do not feel like part of the family in my Organization.	.759	.209
I do not feel “emotionally attached to this Organization	.850	.031
I do not feel a strong sense of belonging to my organization	.863	-.043
This organization has a great deal of personal meaning for me.	.614	.053
It would not be too costly for me to leave my organization now	.806	.112
Right now, staying with my organization is a matter of necessity as much as desire	.604	.0600
I feel I have too few options to consider leaving this organization	.552	-.007
I think that, these days’ people move from company to company too often	.887	.146
Jumping from organization to organization does not seem at all unethical to me.	.486	.321
If I got another offer for a better job elsewhere, I would not feel it was right to leave my organization.	.769	-.186
I was taught to believe in the value of remaining loyal to one Organization.	.638	.015
Extraction Method: Principal Component Analysis.		
Rotation Method: Varimax with Kaiser Normalization.		
a. Rotation converged in 5 iterations.		

ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT
MBA PROGRAM

Questionnaire

Dear Respondents,

I am graduating class of MBA student at Addis Ababa University. This questionnaire is prepared for research purpose entitled **Organizational Climate and Organizational**

Commitment of employees in Case of Midroc Construction Ethiopia. As member of your organization, your participation in this study will be valuable and greatly appreciated. Information gathered will be treated with utmost confidentiality and will not be used for any other purpose.

INSTRUCTIONS: The questionnaires contain statements about organizational climate and Organizational Commitment. Give your own opinion and feeling about each item.

Please circle your response to each statement according to the following five-point scale in terms of your own agreement and disagreement of the statement.

5= Strongly Agree, 4= Agree, 3= Neutral, 2= Disagree, 1= Strongly Disagree

Example: If you **strongly agree** with any of the statements given in the questionnaire, you should circle on #5 and if you **strongly disagree** with any statements please circle on #1. For the statement, where you cannot make a decision, circle on #3 and rate others categories accordingly.

Dear respondent, some words in the questionnaire have special meanings you need to know. The definitions of some terms for the purpose of this Questionnaire are as follows

“**Supervisor**” means your boss or immediate manager

“**Your Organization**” implies Midroc Construction Ethiopia

Dear respondent here is my address, contact me for any inconvenience

Name: Seid Mohammednur

Email: seidmdnur@gmail.com and Phone No: +251 911 087 659

Section1. Demographic Information:

1. Years of experience in the Midroc Construction Ethiopia

2 – 5 years ☐ 6-10 years ☐ 11-4 years ☐ Above 16 years ☐2. Age: 20 - 30 ☐ 30 – 40 ☐ 40 – 50 ☐ Above 50 ☐3. Gender: M ☐ F ☐

4. Your level of education:

High School ☐College diploma ☐First Degree ☐Master degree ☐**Section 2: Items Related to Organizational Climate Factors**

Ser. No	Item Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Employees Perceived of Autonomy						
1	I make most of the decisions that affect the way I do my work.	1	2	3	4	5
2	I determine my own work procedure	1	2	3	4	5
3	I have independence for organizing my own work	1	2	3	4	5
4	I set the performance standards for my Job.	1	2	3	4	5
5	I organize my work as I see best	1	2	3	4	5
Trust on managers						
1	My supervisor has a lot of personal integrity (honesty)	1	2	3	4	5
2	My supervisor is transparent					
3	My supervisor is not likely to give me bad advice	1	2	3	4	5
4	I have confidence on my supervisors to keep the things I tell him confidential	1	2	3	4	5
5	Management of the organization delivers what they promise	1	2	3	4	5
6	Our Staff members generally trust on their management	1	2	3	4	5
Team work /cohesion						
1	My work group offer a support and encouragement to help each other's succeed	1	2	3	4	5
2	Friendly atmosphere exist among most members of my work groups	1	2	3	4	5
3	I feel like I have a lot in common with the Midroc Construction Ethiopia's employees I know	1	2	3	4	5

4	Employees in my work group are usually easy to communicate with each other about work problem.	1	2	3	4	5
5	There is a lot of team spirit among my work mates	1	2	3	4	5
6	Employees I work with are enjoyable	1	2	3	4	5
Rewards and Recognition						
1	In our organization the employees efforts are adequately rewarded	1	2	3	4	5
2	The organization appreciates and takes care of employees Competencies.	1	2	3	4	5
3	When employees do something well, the supervisors praise them	1	2	3	4	5
4	My organization is quick to recognize good performance.	1	2	3	4	5
5	My supervisor knows what my strengths are and tells me.	1	2	3	4	5
6	The benefits offered at our organization are satisfactory	1	2	3	4	5
7	This organization treats its employees better in terms of monetary Reward.	1	2	3	4	5
Employees Perception Toward Fairness						
1	My supervisors does not play favorites/discrimination	1	2	3	4	5
2	I am confident on a fair deal of my supervisor	1	2	3	4	5
3	In our organization people get reward and recognition based on how well they do their jobs	1	2	3	4	5
4	Promotion at my organization are handled fairly	1	2	3	4	5
5	I feel that rewards employees receive at our organization is fair	1	2	3	4	5
6	The feedback I received appropriate for the work I have completed	1	2	3	4	5
7	My outcomes reflect what I have contributed to the organization	1	2	3	4	5
8	The objects my supervisors sets for my job are reasonable	1	2	3	4	5
Employees perception Toward organizational/supervisors Support						
1	My organization is supportive of my goals and values.	1	2	3	4	5
2	Help is available from my organization when I have a problem.	1	2	3	4	5
3	My organization really cares about my well- being.	1	2	3	4	5
4	My organization cares about my opinion.	1	2	3	4	5
5	The supervisor are willing to listen to their employees	1	2	3	4	5
6	My supervisors help me as I learn from my mistake	1	2	3	4	5
7	My supervisors is easy to talk about Job-related problems	1	2	3	4	5
8	I feel that the organization has care for its employees	1	2	3	4	5

Section 3: Items Related to Organizational commitment of employees

Affective commitment						
1	I would very happy to spend the rest of my Career with this organization.	1	2	3	4	5
2	I enjoy discussing my organization with People outside it.	1	2	3	4	5

3	I really feel as if this organization's problems are my own	1	2	3	4	5
4	I think that I could easily become attached to another organization as I am attached to this organization .	1	2	3	4	5
5	I do not feel like part of the family in my Organization.	1	2	3	4	5
6	I do not feel "emotionally attached to this Organization	1	2	3	4	5
7	I do not feel a strong sense of belonging to my organization	1	2	3	4	5
8	This organization has a great deal of personal meaning for me.	1	2	3	4	5
Continuance Organizational Commitment Scale						
1	I am not afraid of what might happen if I quit my job without having another one job.	1	2	3	4	5
2	It would not be too costly for me to leave my organization now	1	2	3	4	5
3	Right now, staying with my organization is a matter of necessity as much as desire	1	2	3	4	5
4	I feel I have too few options to consider leaving this organization	1	2	3	4	5
5	One of the few serious consequences of leaving this organization would be the scarcity of available alternatives, benefits I have here	1	2	3	4	5
Normative Organizational Commitment Scale						
1	I think that, these days' people move from company to company too often	1	2	3	4	5
2	I do not believe that a person must always be Loyal to his or her organization.	1	2	3	4	5
3	Jumping from organization to organization does not seem at all unethical to me.	1	2	3	4	5
4	One of the major reasons I continue to work for this organization is that I believe that loyalty is important and therefore feel a sense of moral obligation to remain.	1	2	3	4	5
5	If I got another offer for a better job elsewhere, I would not feel it was right to leave my organization.	1	2	3	4	5
6	I was taught to believe in the value of remaining loyal to one Organization.	1	2	3	4	5

If any comment, please well come

Your efforts are greatly appreciated,

Thank you for your cooperation!!!!!!!!!!!!

