RELATIONSHIP BETWEEN PSYCHOLOGICAL CLIMATE AND TURNOVER INTENTIONS AND ITS IMPACT ON ORGANISATIONAL EFFECTIVENESS: A STUDY IN INDIAN ORGANISATIONS

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With the liberalisation of the Indian business environment, managerial practices, particularly with regard to human resources (HR), have undergone a sea change. Organisations are very receptive towards the way individual employees perceive their working environment and contemporary HR policies and practices are geared to promote individual involvement on the job. The literature on the subject recommends the examination of psychological climate as a primary antecedent of a variety of individual-level outcomes such as job satisfaction, job involvement and turnover intentions, and studies on human resource management in India reveal a variety of factors that affect employees' attitude towards their job. Examining the theoretical suggestions in the literature in the context of the Indian management scenario, this study posits the two attitudinal variables of job satisfaction and job involvement as mediators between psychological climate and employees' turnover intentions and extends it to their impact on organisational effectiveness. Data collected from 357 managers/executives from manufacturing and service sector companies was measured on the key variables—psychological climate, job satisfaction, job involvement, turnover intention and organisational effectiveness, and was subjected to multivariate data analysis. The results revealed the extent of support for the five hypotheses generated in the study. Psychological climate is seen to have a positive influence on job satisfaction and job involvement, which in turn have a negative effect on turnover intention. Turnover intentions, in turn, have a negative consequence on organisational effectiveness.

In practical terms, it is important for managements to be aware of employees' perceptions about work realities, design work responsibilities to reduce stressors and increase the challenges and rewards, define managerial processes to enable greater role and goal clarity, pay attention to framing performance requirements and standards, and create policies and practices that encourage participatory decision making, cohesion and improve the sense of employee ownership of business.

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INTERVIEW

FINANCING OF SME FIRMS IN INDIA
INTERVIEW WITH RANJANA KUMAR, FORMER CMD, INDIAN BANK; VIGILANCE COMMISSIONER, CENTRAL VIGILANCE COMMISSION

Ashok THAMPY

Growing at over 11% in the last few years, the small and medium enterprises (SME) sector is considered a vital part of the Indian economy. However, one of the major bottle-necks to the growth of the SME sector is its lack of adequate access to finance despite the government policy on priority sector lending by banks. This paper examines major issues in the financing of SMEs in the Indian context, such as the information asymmetry that banks are faced with and whether transaction lending would be adequate to address the information issues or would lending have to be based on relationship with the SME using both 'hard' and 'soft' information measures; whether credit scoring for SMEs would improve the quality of financial information for banks; whether the size and origin of the bank play a role in the availability of credit to SMEs; whether the legal environment facilitates banks’ lending to SMEs and how international norms such as the Basel capital standards have affected risk weightage of lending to SMEs.

Ranjana Kumar, a prominent Indian banker who has also served as Vigilance Commissioner in the Central Vigilance Commission, spoke to Professor Ashok Thampy and Rohini Ramachandran, the student representative from tejas@iimb, IIMB's knowledge portal, on the practical aspects of the issues raised in the academic literature on bank financing of SMEs. The issues of credit appraisal, rating, monitoring and management, and the mechanisms of risk assessment in the Indian environment, where banks have to contend with the prevalence of high non-performing assets, unsecured loans and questions about data integrity, were discussed.

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ROUND TABLE

BUSINESS AND DEVELOPMENT

Ananya Mukherjee REED and Darryl REED

The economic changes over the past few decades, particularly the acceleration of globalisation and liberalisation, have led to a re-evaluation of the roles of the state and business in development, with businesses considering other avenues of contribution to