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Influence of Organisational Involvement and Service Climate on Organisational Performance in Sipcot Industries at Tamilnadu

C. Sasikala[1], Dr.S. Chandrasekaran[2]
[1]Research Scholar, Department of Business Administration, Annamalai University. Annamalai Nagar-608002.
[2]Assistant Professor, Department of Business Administration, Annamalai University. Annamalai Nagar-608002.

ABSTRACT
In the evolving landscape of industrial performance, intangible organizational factors such as employee involvement and internal service climate have emerged as vital contributors to productivity and sustainability. This study investigates the influence of organizational involvement and service climate on organizational performance—measured through employee satisfaction, intent to turnover, and safety motivation—within SIPCOT industries in Tamil Nadu, India. Drawing upon a sample of 440 employees from Cuddalore, Perundurai, and Hosur industrial estates, the research employed a structured questionnaire and applied Structural Equation Modelling (SEM) to evaluate the hypothesized relationships. Results reveal that involvement of HR practices significantly enhances all three organizational outcomes, while service climate positively affects satisfaction and safety motivation but not turnover intention. Interestingly, coworker support consistently predicts better employee outcomes, whereas management support showed no significant effect. These findings align with recent global studies on high-involvement HRM systems and service-oriented organizational behavior, while also highlighting unique contextual dynamics within Indian industrial zones. The study offers practical insights for industrial managers and policymakers to prioritize comprehensive HR strategies, foster collaborative work environments, and rethink managerial engagement to enhance organizational effectiveness and workforce well-being.
Keywords: Organizational Involvement, Service Climate, Organizational Performance, SIPCOT

INTRODUCTION

In India's industrial growth narrative, the State Industries Promotion Corporation of Tamil Nadu (SIPCOT) has played a key role by establishing industrial parks that support both medium- and large-scale enterprises. These industries, operating in increasingly competitive environments, are under constant pressure to improve efficiency, service quality, and workforce productivity. As a result, intangible internal factors such as organizational involvement and service climate have gained prominence as critical drivers of organizational performance (Barney, 1991; Pfeffer, 1994).

Organizational involvement refers to employees' psychological and emotional engagement with their organization's goals, culture, and values (Kanungo, 1982; Lawler, 1986). When employees feel informed, valued, and empowered, they are more likely to contribute actively, leading to improvements in morale, productivity, and retention. At the same time, service climate defined as employees' shared perceptions of service-related policies, practices, and procedures sets the tone for internal collaboration and service delivery (Schneider et al., 1998). A strong service climate encourages accountability, role clarity, and service excellence, which collectively enhance both employee and customer satisfaction.

Despite the significance of these factors, most existing studies have focused on service sectors such as banking, hospitality, or IT, leaving a research gap in industrial contexts like SIPCOT. Industrial estates represent a distinct organizational ecosystem where workforce dynamics differ from those in corporate environments. This study addresses this gap by investigating how organizational involvement and service climate jointly influence organizational performance measured in terms of employee satisfaction, safety motivation, and intent to turnover within SIPCOT industries in Tamil Nadu. The findings aim to offer practical insights for industry leaders and policymakers striving to enhance organizational effectiveness through strategic HR practices and workplace climate management.

Problem Statement

In the contemporary industrial landscape, particularly within government-promoted zones like the State Industries Promotion Corporation of Tamil Nadu (SIPCOT), enhancing organizational performance is no longer solely dependent on capital investments or technological advancements. Instead, organizations

increasingly rely on intangible drivers such as employee involvement and internal service climate to achieve sustained performance outcomes (Barney, 1991; Pfeffer, 1994). While the importance of human resource practices and service-oriented culture has been widely recognized in corporate and service sectors, their relevance and impact within industrial estates remain largely underexplored.

SIPCOT industries represent a complex ecosystem where challenges related to workforce engagement, operational efficiency, and service quality are prevalent. Organizational involvement, which includes staffing, training, appraisal systems, and grievance redressal, influences employee commitment, satisfaction, and productivity (Lawler, 1986; Kanungo, 1982). Likewise, a strong service climate fosters positive employee behaviors, collaborative work culture, and improved customer responsiveness (Schneider et al., 1998). However, empirical evidence on how these two constructs jointly influence organizational performance in SIPCOT industries is limited.

The absence of focused studies on the interaction between organizational involvement and service climate in industrial zones such as SIPCOT creates a significant research gap. Without this understanding, efforts to enhance employee satisfaction, reduce turnover intention, and promote safety motivation may remain fragmented or ineffective. Therefore, this study aims to investigate the combined influence of organizational involvement and service climate on organizational performance outcomes in selected SIPCOT industrial estates in Tamil Nadu, providing a contextual framework for human resource development and industrial performance enhancement.

REVIEW OF LITERATURE

Song, Yu, and Qu (2021) investigated the influence of high-involvement work systems (HIWS) on organizational performance in Chinese firms. Their study, involving 315 employees, demonstrated that the benefits of HIWS are fully mediated by knowledge combination capability and interaction orientation. This suggests that to realize the full potential of HRM involvement in SIPCOT industries, a knowledge-oriented service climate is essential.

Wang et al. (2021) examined how an effective IT service climate influences service quality in the technology sector. Their findings revealed that training, rewards, and information system (IS) support significantly enhance IT service climate, which in turn mediates their effect on service quality. Interestingly, partner support and personal attributes like resilience had limited impact. These insights suggest that a structured internal climate significantly contributes to quality improvements, offering lessons for SIPCOT industries aiming to modernize through IT support systems.

Cao, Le, and Nguyen (2022) explored how high-involvement HRM practices such as training, empowerment, and participative decision-making influence organizational innovation in Vietnamese firms. Their structural equation modeling of 350 respondents found both direct and knowledge-mediated effects on innovation capability. The study underlines the importance of fostering a knowledge-sharing climate, indicating that SIPCOT industries can boost innovation and performance by enabling internal knowledge ecosystems.

Longo, Nicoletti, and Padovano (2022) proposed the integration of human-centric service-oriented features into digital twin technologies in Italian Industry 4.0 contexts. Their case studies across large and SME plants revealed that service-oriented infrastructures enhance operator engagement and reduce downtime. These findings establish a vital link between technological service climate and workforce involvement, offering a viable model for SIPCOT industries embracing smart manufacturing.

Peutere et al. (2022) used Finnish firm-level data to examine the effects of high-involvement management practices including participation, training, and incentives on productivity. Their findings indicated that such practices had a more substantial positive effect in manufacturing industries than in service sectors. This supports the application of similar HR bundles within SIPCOT estates to enhance workforce learning, collaboration, and productivity.

Grafiati (2023) synthesized literature across industries to highlight the consistent role of high-involvement HRM (HI-HRM) practices such as empowerment, training, and reward systems in promoting innovation and agility. Though industry-agnostic, the synthesis emphasized that such HRM bundles contribute to performance enhancement in industrial contexts, validating the strategic value of adopting comprehensive HR involvement mechanisms in SIPCOT industries.

A 2023 study published in MDPI analyzed how employee involvement, ergonomic design, and technological innovation affect sustainable manufacturing performance. Using quantitative survey data, the study found that integrating human and technical systems significantly reduced defect rates, increased

throughput, and improved resource efficiency. These insights suggest that SIPCOT industries could align their sustainability goals with performance improvements through holistic human-tech integration.

A 2024 study in the International Journal of Production Economics revealed that intelligent manufacturing (IM) adoption in Chinese firms substantially improved labor productivity, particularly in firms with strong human capital and R&D capabilities. The study demonstrates that combining skilled labor with advanced technologies enhances performance outcomes a strategy SIPCOT industries can consider as they modernize.

Cahyadi et al. (2024) explored how high-involvement HRM enhances employee resilience in SMEs undergoing digital transformation in South Sumatra. Their study of 200 employees confirmed that HRM practices improve resilience only when adequate technical support is provided. This emphasizes the need for SIPCOT industries to align HRM strategies with technical training to support employee adaptation during technological change.

A meta-analysis published in HRM Review (2025) evaluated the global relationship between High-Performance Work Systems (HPWS) and organizational performance. The findings highlighted that national-level human capital significantly strengthens the effects of HPWS. In the context of SIPCOT industries, leveraging a skilled workforce alongside robust HR involvement practices can yield substantial improvements in productivity and efficiency.

CONCEPTUAL FRAMEWORK

Figure 1 shows the proposed conceptual framework that serves as the basis for this research study. This framework has been developed by synthesizing existing theoretical models and empirical studies relevant to organizational behavior, human resource management, and service climate research. Specifically, it draws conceptual grounding from models introduced by Zernigah and Sohail (2012), who emphasized organizational participation and internal marketing practices, and by Khasawneh and Shuhaini (2013), who highlighted the impact of workplace attitudes on performance outcomes. These foundational theories have been extended and customized to address the context of industrial environments such as SIPCOT in Tamil Nadu.

This framework is structured around the central proposition that Organizational Involvement and Service Climate directly influence Organizational Outcomes, which are represented through three major indicators: Employee Satisfaction, Intent to Turnover, and Safety Motivation. These outcomes collectively reflect the broader organizational performance within SIPCOT industries.

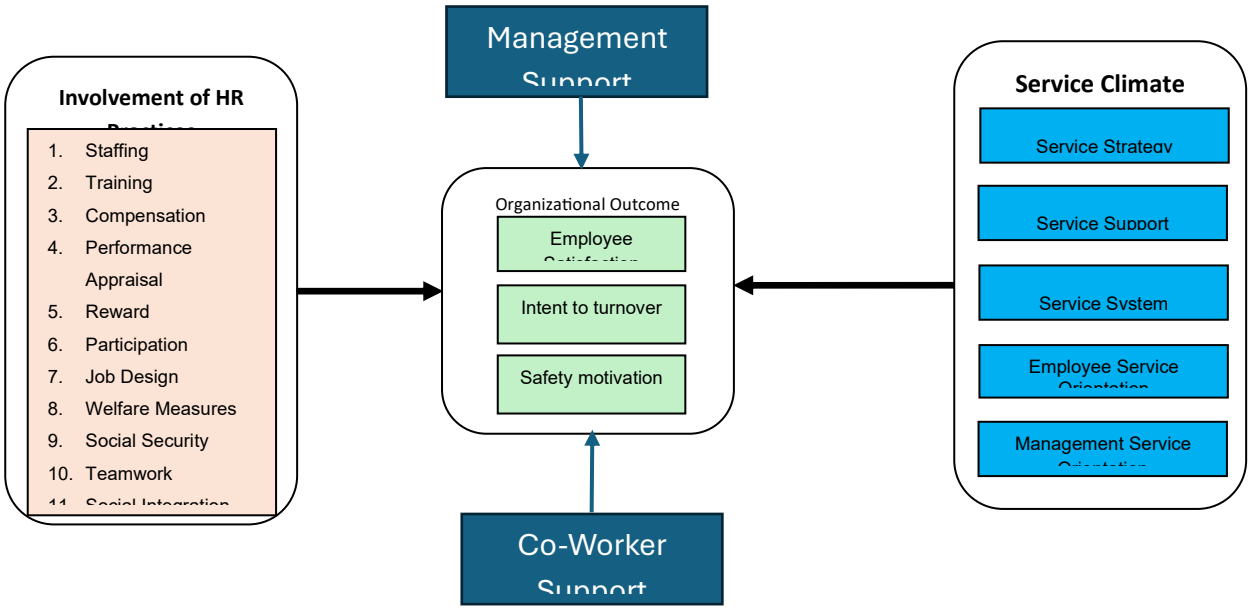

Fig 1 Conceptual Framework

In the model, the Involvement of HR Practices is treated as a major independent construct, comprising 13 critical dimensions: Staffing, Training, Compensation, Performance Appraisal, Reward, Participation, Job Design, Welfare Measures, Social Security, Teamwork, Social Integration, Social Relevance, and Grievance Handling. Each of these dimensions captures various facets of employee involvement and HR policy effectiveness in contributing to performance outcomes.

On the other hand, Service Climate is conceptualized through five components: Service Strategy, Service Support, Service System, Employee Service Orientation, and Management Service Orientation. These components reflect the organizational emphasis on service quality and internal climate that supports service delivery excellence.

Additionally, the model introduces Management Support and Co-worker Support as moderating variables. These elements are expected to influence the strength and direction of the relationship between HR practices/service climate and the organizational outcomes.

In summary, this conceptual framework integrates multiple theoretical elements and aligns them with the research objectives and questions of this study. It postulates that a supportive and involved organizational environment both in terms of human resource practices and service climate can lead to enhanced employee satisfaction, reduced turnover intention, and improved safety motivation, thereby significantly improving the overall organizational performance in SIPCOT industries.

RESEARCH METHODOLOGY

This study adopts a quantitative research approach using a descriptive-causal design to examine how organizational involvement and service climate influence organizational performance in SIPCOT industries, Tamil Nadu. A structured questionnaire was developed to collect data on dimensions such as HR practices (e.g., staffing, training, performance appraisal), service climate (e.g., service strategy, management support), and performance outcomes (e.g., employee satisfaction, safety motivation, and turnover intention). The questionnaire was validated through expert review and tested for reliability via a pilot study conducted with 50 respondents from SIPCOT Cuddalore. Cronbach's alpha scores for all constructs exceeded the acceptable threshold of 0.7, confirming internal consistency. Content validity was ensured through consultations with twelve domain experts.

A multi-stage sampling technique was used, beginning with purposive selection of three SIPCOT regions Cuddalore, Perundurai, and Hosur followed by proportionate stratified random sampling to select 500 respondents based on employee population. Of these, 440 completed questionnaires were received, yielding an effective response rate of 88%. Data were collected through both in-person and digital modes, ensuring accessibility and cooperation from HR departments. The collected data were processed using statistical tools including Structural Equation Modelling (SEM), to explore the relationships among variables and test the hypotheses derived from the conceptual framework.

DATA ANALYSIS

The structural equation modelling (SEM) approach was employed to assess the influence of organizational involvement and service climate on organizational performance in SIPCOT industries, Tamil Nadu. The model consisted of four exogenous variables Involvement of HR Practices, Service Climate, Management Support, and Coworker Support and three endogenous variables Employee Satisfaction, Intent to Turnover, and Safety Motivation. Confirmatory factor analysis (CFA) was conducted to validate the constructs, and the final structural model was tested using maximum likelihood estimation. The model demonstrated good fit with the data, as evidenced by fit indices such as RMSEA (0.061), GFI (0.912), NFI (0.919), CFI (0.908), and TLI (0.911), all within acceptable thresholds.

The structural equation modelling (SEM) results provide empirical support for the influence of HR involvement and service climate on organizational outcomes in SIPCOT industries. The findings indicate that Involvement of HR Practices has a statistically significant and strong positive influence on employee satisfaction ($\beta = 0.727$), intent to turnover ($\beta = 0.720$), and safety motivation ($\beta = 0.596$). These results align closely with the findings of Song, Yu, and Qu (2021), who demonstrated that high-involvement work systems (HIWS) enhance organizational performance through knowledge integration and interactive capacity. Similarly, Peutere et al. (2022) found that high-involvement HRM practices significantly boost employee productivity and engagement, particularly in manufacturing sectors, reinforcing the relevance of these practices in industrial estates like SIPCOT.

Table 1: Regression Weights of the Variables Included in the Structural Equation Model

Description of Paths			Estimate	S.E.	C.R.	P
Employee Satisfaction	←	Involvement of HR Practices	.577	.091	6.322	***
Intent to Turnover	←	Involvement of HR Practices	.546	.090	6.058	***
Safety Motivation	←	Involvement of HR Practices	.445	.092	4.822	***

Employee Satisfaction	←	Service Climate	.307	.087	3.532	***
Intent to Turnover	←	Service Climate	.140	.086	1.638	.101
Safety Motivation	←	Service Climate	.326	.088	3.686	***
Employee Satisfaction	←	Management Support	-.032	.051	-.631	.528
Intent to Turnover	←	Management Support	.059	.050	1.174	.240
Safety Motivation	←	Management Support	-.042	.052	-.811	.417
Employee Satisfaction	←	Coworkers Support	.135	.050	2.711	.007
Intent to Turnover	←	Coworkers Support	.164	.049	3.326	***
Safety Motivation	←	Coworkers Support	.235	.051	4.658	***

*** Significant at 1% level (p<0.001)

Table 2: Standardized Regression Weights

Description of Paths			Estimate
Employee Satisfaction	←	Involvement of HR Practices	.727
Intent to Turnover	←	Involvement of HR Practices	.720
Safety Motivation	←	Involvement of HR Practices	.596
Employee Satisfaction	←	Service Climate	.399
Intent to Turnover	←	Service Climate	.190
Safety Motivation	←	Service Climate	.449
Employee Satisfaction	←	Management Support	-.051
Intent to Turnover	←	Management Support	.099
Safety Motivation	←	Management Support	-.071
Employee Satisfaction	←	Coworkers Support	.209
Intent to Turnover	←	Coworkers Support	.267
Safety Motivation	←	Coworkers Support	.388

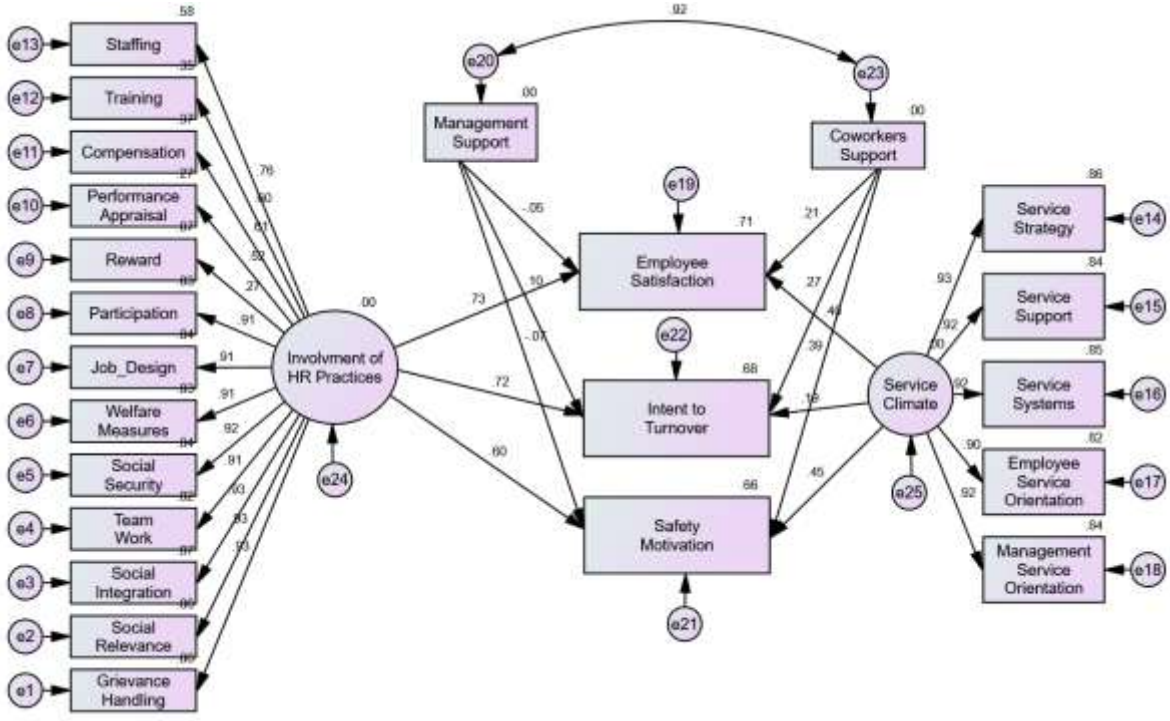

Figure 2: Structural Equation Model for Proposed Structural Equation Model for Influence of Organisational involvement and service climate on Organisational performance

The significant role of Service Climate in influencing employee satisfaction (β = 0.399) and safety motivation (β = 0.449) is consistent with the work of Xiaolei Wang et al. (2021), who identified that service climate mediates the relationship between training, reward systems, and IT service quality. Their findings emphasized the importance of supportive environments in enhancing operational performance. Additionally, Cao, Le, and Nguyen (2022) argued that a knowledge-sharing service climate amplifies the

positive impact of HR involvement on innovation and performance further substantiating the critical role of service climate found in this study.

However, the lack of significant influence of Service Climate on intent to turnover ($\beta = 0.190$, $p > 0.05$) contrasts with earlier studies such as those by Grönroos (2007), who noted that service-oriented environments typically reduce turnover intentions. This discrepancy may be attributed to contextual differences; in industrial setups like SIPCOT, tangible factors like wages or job security may weigh more heavily than perceived service orientation when employees consider leaving.

Management Support did not show a statistically significant effect on any of the three outcomes employee satisfaction, intent to turnover, or safety motivation. This is somewhat unexpected, as previous literature, including Cahyadi et al. (2024), has emphasized the role of managerial support in boosting employee resilience during technological transitions. The disconnect may be due to a lack of visible or participative managerial practices in SIPCOT industries, suggesting a potential area for policy and managerial reform.

In contrast, Coworker Support was found to positively influence employee satisfaction ($\beta = 0.209$), intent to turnover ($\beta = 0.267$), and safety motivation ($\beta = 0.388$). This aligns well with findings by Longo et al. (2022) and Grafiati (2023), who highlighted that collaborative peer environments improve performance, innovation, and engagement. Peer support appears to serve as a compensatory mechanism in environments where management support is weak or inconsistent.

In summary, the present study validates many of the theoretical propositions found in recent literature while also offering context-specific insights. It reinforces that employee involvement through HR practices and a positive peer-driven work climate are crucial in shaping industrial performance. Service climate, although impactful in certain dimensions, needs better alignment with retention strategies. The unexpected insignificance of management support calls for introspection among industrial leaders in SIPCOT to adopt more participative and visible managerial strategies that resonate with workforce expectations. These findings provide both theoretical reinforcement and practical direction for improving organizational performance in industrial estates.

MANAGERIAL IMPLICATIONS

The findings of this study offer significant implications for managers operating within SIPCOT industries in Tamil Nadu, especially in contexts where performance enhancement is linked closely to human resource involvement and workplace climate. Firstly, the strong positive impact of HR practices on employee satisfaction, intent to turnover, and safety motivation clearly highlights the need for organizations to invest in comprehensive and strategic human resource systems. Managers should prioritize HR functions such as training, participation, performance appraisal, rewards, and communication, as these elements directly influence employee outcomes and, ultimately, organizational performance.

Secondly, the study underlines the importance of cultivating a positive service climate particularly one that fosters employee perceptions of fairness, support, and service excellence. While service climate significantly contributes to employee satisfaction and safety motivation, its lack of influence on turnover intent suggests that service policies alone may not be sufficient to retain employees. Managers must ensure that service initiatives are complemented with tangible career growth, work-life balance, and compensation strategies to effectively reduce attrition.

The insignificant role of management support in influencing key outcomes should serve as a critical alert to industrial managers. This implies that current managerial approaches may be perceived as inadequate, distant, or non-participatory. To address this, managers need to adopt transformational leadership practices, increase visibility, offer emotional and technical support, and engage more actively with frontline employees to rebuild trust and alignment with organizational goals.

Conversely, the positive impact of coworker support across all three outcome variables employee satisfaction, reduced turnover intention, and safety motivation demonstrates the importance of peer relationships in industrial settings. Managers should therefore foster team-based work structures, encourage knowledge sharing, and create peer recognition systems that reinforce collaboration and mutual support.

In summary, SIPCOT industrial managers must adopt a holistic HR strategy that strengthens involvement, nurtures a positive and service-oriented climate, and revitalizes both managerial engagement and peer dynamics. Such a multifaceted approach will not only boost individual-level outcomes but also

create a resilient and high-performing organizational culture that can withstand external pressures and internal challenges.

CONCLUSION

This study provides empirical evidence on how organizational involvement and service climate shape key performance indicators in SIPCOT industries, a context often overlooked in HRM and organizational behavior literature. By integrating theory with rigorous field-level data analysis, the research confirms that high-involvement HR practices play a crucial role in improving employee satisfaction, reducing intent to turnover, and boosting safety motivation. These findings validate the importance of strategic HR functions such as training, appraisal, participation, and welfare measures in shaping a productive and committed workforce.

Furthermore, the role of service climate was partially confirmed—it contributed significantly to satisfaction and safety motivation but lacked a direct influence on turnover intention. This nuance suggests that in industrial contexts, retention may depend more on tangible job factors than on perceived service orientation alone. The study also highlights a noteworthy divergence: while coworker support had a strong positive impact on all performance dimensions, management support failed to show significant influence, indicating a potential gap in managerial presence or effectiveness in SIPCOT industries.

Overall, the research reinforces the relevance of soft organizational practices in hard industrial environments. It underscores the need for a holistic HR approach—one that balances service excellence, peer collaboration, and strategic managerial engagement—to build resilient, motivated, and high-performing industrial workforces. These insights offer a valuable roadmap for industry leaders and policymakers striving to optimize human capital and organizational outcomes in Tamil Nadu's industrial estates.

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