RELATIONAL CLIMATE AND ORGANIZATIONAL PERFORMANCE - AN EMPIRICAL INVESTIGATION IN OIL AND GAS PUBLIC SECTOR IN INDIA

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ABSTRACT
Purpose: The aim of the study is to look at the role relational climate might play in enhancing the organizational performance and understanding its influence on relationship between SHRM and organizational performance in the context of public sectors.

Theoretical Framework: This research has been anchored on the ‘Relational Models Theory’ of Fiske (1992) to explain relational climate and ‘Social interdependence Theory’ of Johnson & Johnson (2005) to comprehend how relational climate affects organisational performance.

Design/methodology/approach: Data were obtained from 327 Executives by means of a questionnaire survey from 10 public sector oil companies in India and analysed through SPSS and structural Equation Modelling (SEM).

Findings: This study established that relational climate strongly affects organizational performance. By empirically examining the notion of relational climate and demonstrating a strong positive correlation between relational climate and organisational performance, this study adds to the body of knowledge on relational HRM.

Research, Practical & Social implications: This study contributes by discussing practical implications that managers must build an effective relational climate which will facilitate in developing environment for shared purpose, shared vision, compassion and mutual respect in the workplace to improve organizational performance. The study's societal implications include the development of a supportive interpersonal environment that fosters cooperation, respect, and relational vibrancy at work.

Originality/Value: This study highlighted the effect of relational climate on organizational performance in the public sector context.

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CLIMA RELACIONAL E DESEMPENHO ORGANIZACIONAL - UMA INVESTIGAÇÃO EMPÍRICA NO SETOR PÚBLICO DE PETRÓLEO E GÁS NA ÍNDIA

RESUMO
Objetivo: O objetivo do estudo é analisar o papel que o clima relacional pode desempenhar na melhoria do desempenho organizacional e compreender sua influência na relação entre SHRM e desempenho organizacional no contexto do setor público.

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**Projeto/metodologia/abordagem:** Os dados foram obtidos de 327 executivos por meio de uma pesquisa por questionário em 10 empresas petrolíferas do setor público na Índia e analisados por meio do SPSS e da Modelagem de Equações Estruturais (SEM).

**Resultados:** Este estudo estabeleceu que o clima relacional afeta fortemente o desempenho organizacional. Ao examinar empiricamente a noção de clima relacional e demonstrar uma forte correlação positiva entre o clima relacional e o desempenho organizacional, este estudo contribui para o conjunto de conhecimentos sobre HRM relacional.

**Implicações sociais, práticas e de pesquisa:** Este estudo contribui com a discussão das implicações práticas de que os gerentes devem criar um clima relacional eficaz que facilitará o desenvolvimento de um ambiente de propósito compartilhado, visão compartilhada, compaixão e respeito mútuo no local de trabalho para melhorar o desempenho organizacional. As implicações sociais do estudo incluem o desenvolvimento de um ambiente interpessoal de apoio que promova a cooperação, o respeito e a vitalidade relacional no trabalho.

**Originalidade/valor:** Este estudo destacou o efeito do clima relacional sobre o desempenho organizacional no contexto do setor público.

**Palavras-chave:** Clima Relacional, Teoria dos Modelos Relacionais, Teoria da Interdependência Social, Desempenho Organizacional, Gestão Estratégica de Recursos Humanos.

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**CLIMA RELACIONAL Y RENDIMIENTO ORGANIZATIVO - UNA INVESTIGACIÓN EMPÍRICA EN EL SECTOR PÚBLICO DEL PETRÓLEO Y EL GAS EN LA INDIA**

**RESUMEN**

**Objetivo:** El objetivo del estudio es examinar el papel que puede desempeñar el clima relacional en la mejora del rendimiento organizativo y comprender su influencia en la relación entre la GRSS y el rendimiento organizativo en el contexto del sector público.

**Marco teórico:** Esta investigación se basó en la “Teoría de los modelos relacionales” de Fiske (1992) para explicar el clima relacional y en la “Teoría de la interdependencia social” de Johnson & Johnson (2005) para comprender cómo afecta el clima relacional al rendimiento organizativo.

**Diseño/metodología/enfoque:** Se obtuvieron datos de 327 ejecutivos mediante encuesta por cuestionario en 10 empresas petroleras del sector público de la India y se analizaron con SPSS y Structural Equation Modelling (SEM).

**Resultados:** Este estudio estableció que el clima relacional afecta en gran medida al rendimiento organizativo. Al examinar empíricamente la noción de clima relacional y demostrar una fuerte correlación positiva entre el clima relacional y el rendimiento organizativo, este estudio contribuye al cuerpo de conocimientos sobre la GRH relacional.

**Implicaciones sociales, prácticas y de investigación:** Este estudio contribuye al analizar las implicaciones prácticas de que los directivos deben crear un clima relacional eficaz que facilite el desarrollo de un entorno de propósito compartido, visión compartida, compasión y respeto mutuo en el lugar de trabajo para mejorar el rendimiento organizativo. Las implicaciones sociales del estudio incluyen el desarrollo de un entorno interpersonal de apoyo que promueva la cooperación, el respeto y la vitalidad relacional en el trabajo.

**Originalidad/valor:** Este estudio puso de relieve el efecto del clima relacional en el rendimiento organizativo en el contexto del sector público.

**Palabra clave:** Clima Relacional, Teoría de los Modelos Relacionales, Teoría de la Interdependencia Social, Rendimiento Organizativo, Gestión Estratégica de Recursos Humanos.

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**INTRODUCTION**

Over the past few decades, the correlation between strategic human resource management (SHRM) and performance has attracted increasing attention in the public sector (Scrimpshire et al., 2022). HR practices need to be aligned to business strategy to remain
competitive in today’s dynamic situation. It has frequently been suggested that the bureaucratic nature of public organisations impedes this relationship (Huabis et al., 2023). However, Jessica Sowa (2020), in a guest editorial titled "Reinvigorating the Spirit of Strategic Human Resource Management" that was published in Public Personnel Management, emphasises that SHRM must be equipped with the transactional capabilities necessary to develop and implement HR policies and practices (structural aspect) as well as the transformational capabilities necessary to create an interactive and social environment (interactional aspect) in public organisations to overcome the barrier (Sowa, 2020).

While the research on structural aspects such as influence of management practices and policies, technology, leadership style, human capital, skills, motivation and commitment on the performance are abundantly available (Siddique et al., 2019), the research on influence of interactional aspects on organizational performance such as good quality relationships and social interactions between employees are scarce. Some authors argue that good quality relationships at work are crucial for organization (Gottfredson et al., 2022). Previous research tries to examine the effects of three factors—cultural condition, relational situations, and physical environment—on employee experience that contribute to performance (Harlianto & Rudi, 2023).

Despite the relationship's strong relevance and significance, relatively little attention is given to examining how interactions at work, specifically relational climate, relates to the organization's performance (Gottfredson et al., 2022). Relational climates are representation of interpersonal climates. Relational climates are "shared employee perceptions and appraisals of policies, practices, and behaviours affecting interpersonal relationships in a given context," according to Fiske's (1992) theory of relational models (Mossholder et al., 2018). They control how social relationships are perceived, assessed, represented, and built within an organisation. They are the relationships that employees construct and interpret using schemata(Banagou et al., 2021). Thus, relational climates are a component of the organisational context that have an impact on people's attitudes and behaviours through interpersonal interactions and shared norms (Batistič et al., 2016). They are not intended to consciously manage people. Instead, social norms spontaneously develop in tandem with other contextual factors as a result of interactions with other people and that influence and guide individual attitude and behaviour (Fiske, 1992). The way that social relationships are built within a company is determined by the relational climate (Kaltcheva et al., 2014). Although it is likely that the relational climate of an organization will influence how well co-workers get along with one another and how
much of an emphasis is placed on reciprocity in exchanges, little is currently known about how this context affects organizational performance (Stofberg et al., 2021). The climate of relationships among co-workers serve as a resource, according to a study conducted in a public administration department in Swiss government to assess employee engagement and perceived performance during COVID 19 (Palumbo, 2020). The relational aspect of work, in particular the opportunity to interact with and receive support from co-workers, is an important asset. (Giauque et al., 2013). Prior studies mainly focused on the impact of relational climate on people's psychological health, learning, and error detection. (Boyatzis & Rochford, 2020), but it has not addressed the impact of relational climate on financial and operational performance.

The oil and gas industry are becoming more competitive, and organizations in this industry are under more pressure than ever to perform at higher levels of efficiency while maximising the use of their assets, stringent environmental norms, shifting focus from fossil fuel to renewable energy sources, improving the productivity of their workforce, and reducing costs (International Energy Agency (IEA), 2020). Task complexity, knowledge intensity, and task interdependence characterise the climate that public sector oil and gas organisations are working in, and thus, making relationships in the work environment extremely important (Hooker & Algoe, 2022). When the task is strongly interdependent, the interactions within the organisation are more critical to attain desired level of performance (Zhang et al., 2022). Employees are presumed to collaborate effectively, work toward shared goals, plan and coordinate tasks, and have trust in one another to complete their shared tasks. So, in a situation with high task interdependence, the link between relational climate and performance might be stronger (Zhang et al., 2022). The use of HRM strategies that boost employees' confidence in their supervisors, management and their task-related competence results in the development of high-quality relationships at work (Khalil, 2023).

The social interdependence theory states that social interdependence will exist when people's and teams' outcomes are influenced by their own and other people's actions (Johnson & Johnson, 2005). Therefore, motivation for this study is to empirically examine that when employees experience a favourable relational climate, they will interact with one another, develop trusting relationships, and subsequently perform better. Since this study examines the relationship between relational climate and organisational performance from the perspective of social interaction, it differs from previous studies that have concentrated on the climate of industrial relations at the level of the individual and team level (Yu et al., 2021).
Also, the research on performance in public sector is more complicated and diverse than private sector research due to a number of factors (Brunetto & Beattie, 2020). These distinctions are bureaucratic constraints (Sowa, 2020), multi stakeholder outcomes as against only one of maximising profit (Knies et al., 2017) and employees in the public sector, in contrast to those in the private sector, are motivated by internal rather than external factors (Hameed et al., 2022).

The research presented here makes three significant additions to the literature on climate and public administration. First, the goal of this study is to close the knowledge gap regarding the influence of relational climate on organisational performance. One of the first studies to look at the effect on organisational performance through relational climate in the oil and gas organization in public sector. Second, by basing the investigation of relational climate construct on relational models theory, this study contributes to the literature on relational climate (Fiske, 1992). Thirdly, this research enhances the existing body of knowledge about organisational performance by moving beyond the structural aspects and explaining the role of interactional aspect in achieving performance by empirically examining the construct of relational climate and its effect on organizational performance by employing social interdependence theory (Johnson & Johnson, 2005). The objective of this research is to investigate effect of relational climate on organisational performance.

LITERATURE REVIEW

Relational Climate and Organizational Performance

Discussions of climate in the literature on public service have followed the pattern toward a concentration on facet-specific climates (Thompson & Siciliano, 2021). Common conceptions and evaluations of the employees’ about the norms and practices that affect social relationships in a particular setting make up the aspect-specific climate known as the "relational climate" (Mossholder et al., 2018). In their conceptualization of relational climate, Mossholder (2018) combines the structural characteristics and social interactional characteristics to the climate. These authors use structuralism to argue that the subjective perceptions of employees of the organisational structural elements (i.e., Management policies and practices) intended to affect interpersonal relationships serve as the foundation for the development of the relational climate. They then make use of social interdependence (Johnson & Johnson, 2005) to emphasise the importance of collaborative sociocognitive processes that encourage the
emergence of shared perceptions and understandings regarding structural characteristics (Mossholder et al., 2018).

The growing body of research in the field of positive organisational psychology was incorporated by Mossholder et al. (2018) in their conceptualization of relational climate. In doing so, emphasis was primarily placed on gauging the degree to which employees felt that their organization's relational climate reflected "good-quality" relationships. Shared objectives, common knowledge, and mutual respect are characteristics of good relationships (Siddique et al., 2019). Based on the relational model’s theory (Fiske, 1992), relational climate is operationalized by three first-order latent constructs, compassion, relational energy, shared vision in a given environment which adhere to the relationships based on communal sharing (Fiske, 1992) and what constitutes a quality relationship (Boyatzis & Rochford, 2020). To comprehend the nature of the interactions among employees, we extend Fiske's (1992) theory of relational models. This theory, which has already been successfully implemented in management research has the benefit of offering a better and more detailed theoretical foundation than the peer-to-peer network literature (Stofberg et al., 2021). In particular, we put our argument in this research that, workers can frame peer relationships using a communal sharing model where membership in the same community directs behaviour among the members. According to Fiske (1992), communal sharing is described as a mental illustration of a social relationship that includes common values, intentions to meet one another's needs, and ways that the relationship is expressed.

The form and substance of interactions that result in various climates are described by the interactional view of climates (Schneider and Reichers, 1983). In other words, the interactionist perspective maintains that individuals engaging in communication and interaction with one another respond to, define, and interpret constituents of the organisational context in particular ways and develop unique sub-social group climates.

Many studies have indicated that better employee relations and employee engagement (Arimie & Oronsaye, 2020), social relations (Breaugh, 2021), sharing of knowledge (Fischer & Döring, 2022), employee well-being (Hameed et al., 2022) employee relationship management (Mahesh & Saravankuma, 2020), relational psychological environment (Jordan et al., 2012), quality of employee’s workplace relations (Ngari & Agusioma, 2016), good quality relations (Heaphy et al., 2018), employee cooperation behaviour (Fu et al., 2019), relational coordination (Gittell et al., 2010), supportive climate (Saraf et al., 2022), positive psychological contract (Hattab et al., 2022), caring climate and public service motivation (PSM) (Shim &
Park, 2019), discursive coping strategy (Tuominen & Hasu, 2020), positive emotions and social connections (Chen et al., 2022) are linked to improved organisational performance (Bahuguna, 2012). According to research, a climate with positive social support helps employees manage job demands like work overload and role uncertainty and promote job-related well-being like efficiency and job involvement (Jong, 2018).

When a task is strongly interrelated, the interactions within the organisation become even more important for performance (Lee et al., 2015). Employees are expected to collaborate well, coordinate tasks, and have trust in one another in order to complete their shared duties.

As a result, there may be a stronger connection between relational climate and performance in a context with high task interrelatedness (Lee and Kim, 2020).

Then, it is hypothesized that there is a correlation between relational climate and organisational performance.

**Hypothesis 1**: Relational Climate is positively related to organizational performance

**METHOD**

**Industry**

One of India's eight core industries is the oil and gas industry, which has a substantial impact on other important industries. After China and the United States, India is the third-largest energy use in the world. India's economic expansion is closely related to its rising energy needs, which are predicted to continue growing. The Indian government has taken a number of actions to meet the escalating demand. It has approved 100 percent FDI in many areas of this industry, including refineries, natural gas, and petrochemical products, to name a few. Massive growth is also planned for building infrastructure, including the construction of LNG terminals, storage facilities, city gas distribution, and pipelines for gas and oil. Since hydrocarbons provide more than one quarter of the energy needed, the oil and gas sector in the energy mix plays a dominant role.

Upstream, midstream, and downstream are the three main divisions of the oil and gas industry. The downstream industry consists of oil refineries, petrochemical industries, petroleum product distribution partners, retail stores, and natural gas distribution companies. The upstream industry consists of production and exploration activities. The midstream industry is responsible for processing, storing, marketing, and transporting crude oil and natural gas.
The Indian Oil and Gas sector is predominantly managed by Public Sector companies which are known as Central Public Sector Enterprises (CPSEs) and are regulated by Government of India through Department of Public Enterprises. The board members of these Central Public Sector Enterprises are selected by Board of Public Enterprises Selection which is a high-powered body constituted by Government of India. These Central Public Sector Enterprises have independent boards. However, some HR policies such as recruitment and selection policy in which reservation for weaker sections of the society and differently abled persons are provided and Compensation and Benefits policy in which the compensation structure is governed by Department of Public Enterprises guidelines.

All major Central Public Sector Enterprises Indian Oil and Gas companies are transforming themselves from a pure sectoral company to a vertically integrated, transnational energy behemoth by integrating its core refining business with petrochemical activities, forming joint ventures with international players, besides making large investments in India and abroad (AT Kearney, 2021).

Sample and Data Collection

In order to test the hypotheses, 10 public sector companies from oil and gas sector in India were selected. We used The Economic Times-Research Insights and Consumer Surveys (ET-RICS) report's most recent ranking of the top 500 Indian companies in a range of industries for this. November 2021 (ET-RICS 500 Companies). These 500 companies were chosen and ranked by The Economic Times-Research Insights and Consumer Surveys based on two criteria: (a) Market capitalization of more than INR 100 crores; and (b) Total income (revenue) in FY 2021.

The top 10 Oil and Gas companies in public sector were selected for this study from this list of 500 companies based on their ranking. This method of company selection gave the study some measure of control. All of the companies that were examined belonged to the same industry, were essentially the same size, employed comparable technologies, and engaged in comparable market competition.

This study's data were gathered using a survey-based questionnaire. Senior Executives with more than 15 years of experience in oil and gas industry made up the participants of this research. They were required to rate the organisation in comparison to its competitors on a scale of 1 to 5 in a Likert type scale, where 1 denotes strongly disagree and 5 denotes strongly agree.
With a response rate of 86%, we obtained 329 responses out of the 382 respondents who made up the target sample (Chaokromthong & Sintao, 2021).

MEASURE

Relational Climate

Respondents rated relational climate using Boyaztis and Rochford’s (2020) 11 item scale on a five-point Likert-type scale ranging from 1 (strongly disagree) to 5 (strongly agree). One of the sample questions was, “When someone in my organization is in need, my organization takes action to assist them”. The alpha (α) reliability was 0.938.

Organizational Performance

In this research, Green, Medlin, and Medlin were used to measure two organisational performance indicators (2001). These included perceived operational performance and perceived financial & market performance, each with four items (3 items). Executives were asked to assess the company's financial and market performance over the previous three years in comparison to the industry averages for growth in sales volume, profit (net), growth of market share, and investment return (RoI). Executives must also evaluate how their companies have performed operationally over the last three years in comparison to the industry average in the following areas: public perception of the company, the quality of its goods and services, the effectiveness of meeting customer expectations, and satisfaction of customers. "Degree of Customer Satisfaction" was an example item. The reliability of alpha (α) was 0.970.

RESULTS

To test this hypothesis, SPSS 28.0 and structural equation modelling (SEM) using AMOS 28.0 is used.

<table>
<thead>
<tr>
<th>Variable</th>
<th>N=329</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>281</td>
<td>85%</td>
</tr>
<tr>
<td>Female</td>
<td>48</td>
<td>15%</td>
</tr>
<tr>
<td>Experience in Years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt;=15 to 20</td>
<td>298</td>
<td>91%</td>
</tr>
<tr>
<td>21 to 25</td>
<td>29</td>
<td>9%</td>
</tr>
<tr>
<td>&gt; 25</td>
<td>2</td>
<td>1%</td>
</tr>
<tr>
<td>Age in Years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>35 to 45</td>
<td>286</td>
<td>87%</td>
</tr>
<tr>
<td>&gt;45</td>
<td>43</td>
<td>13%</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors (2023)
Table 1 describes the sample constituting of 327 respondents. Majority of the participants of research were males (85 percent). The average age and average experience of the participants were 39.30 (SD=7.22) years and 15.20 (SD=6.50) years respectively.

**Exploratory Factor Analysis**

An exploratory factor was performed employing principal component analysis and varimax rotation. The required minimal factor loading was set at 0.50. The communalities of the scale, which display how much variation there is in each dimension, were also assessed to ensure that there are adequate levels of explanation. The results show that all communalities are above 0.50.

Bartlett's Test of Sphericity, which determines the statistical probability that the correlation matrix contains strong correlation between some of its components, was used to assess the correlation matrix's significance level as a crucial step. $\chi^2 (630) = 1653.025$ ($p<0.000$), recommends factor analysis as a suitable method (Hair et al., 2017). The Kaiser-Meyer-Olkin, sampling adequacy measure (MSA), which was 0.977, determined that the data were appropriate for factor analysis. In this regard, it is considered acceptable to conduct a factor analysis on data with an MSA values higher than 0.800 (Hair et al., 2017). According to the a Priori Criterion, three factors were identified, and they explained 80.442% of the variation in the data. All items with principal loadings more than 0.50 (Hair et al., 2017) and with no cross loading greater than fifty percent the major component loading (Finn & Kayande, 2004) were retained based on the latent root criterion (Eigen value >1).

<table>
<thead>
<tr>
<th>Table 2. Factor Matrix</th>
</tr>
</thead>
<tbody>
<tr>
<td>Component</td>
</tr>
<tr>
<td>RC_1</td>
</tr>
<tr>
<td>RC_2</td>
</tr>
<tr>
<td>RC_3</td>
</tr>
<tr>
<td>RC_4</td>
</tr>
<tr>
<td>RC_5</td>
</tr>
<tr>
<td>RC_6</td>
</tr>
<tr>
<td>RC_7</td>
</tr>
<tr>
<td>RC_8</td>
</tr>
<tr>
<td>RC_9</td>
</tr>
<tr>
<td>RC_10</td>
</tr>
<tr>
<td>RC_11</td>
</tr>
<tr>
<td>OP_1</td>
</tr>
<tr>
<td>OP_2</td>
</tr>
<tr>
<td>OP_3</td>
</tr>
<tr>
<td>OP_4</td>
</tr>
<tr>
<td>OP_5</td>
</tr>
</tbody>
</table>
Chourasia, A., Bahuguna, P. C. (2023)
Relational Climate and Organizational Performance - An Empirical Investigation in Oil and Gas Public Sector in India

Measurement Model

Measurement validity was evaluated using a confirmatory factor analysis (CFA). According to the findings, the measurement model's constructs had good reliability, convergent, and discriminant validity.

Source: Prepared by the authors (2023)
Common Method Bias

To ascertain the measurement model's structural stability, confirmatory factor analysis (CFA) is used. By examining the constructs' unidimensionality, the common method bias can be evaluated. Confirmatory factor analysis is used to examine the measures' unidimensionality using two measurement models, such as the one-factor and three-factor models. From the CFA output in AMOS Software, the following fit indices are reported.

<table>
<thead>
<tr>
<th>Measurement model</th>
<th>df</th>
<th>$\chi^2$</th>
<th>$\chi^2$/df</th>
<th>CFI</th>
<th>GFI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single factor model</td>
<td>124</td>
<td>1602.348</td>
<td>12.922</td>
<td>0.800</td>
<td>0.589</td>
<td>0.191</td>
</tr>
<tr>
<td>Two factors model</td>
<td>122</td>
<td>428.97</td>
<td>3.516</td>
<td>0.958</td>
<td>0.875</td>
<td>0.088</td>
</tr>
</tbody>
</table>

df: degrees of freedom; $\chi^2$: Chi-square value; GFI: goodness of fit index; RMSEA: root mean square error of approximation; CFI: comparative fit index

Source: Prepared by the authors (2023)

From this table, it can be concluded that the two-factor model offered a good fit (GFI=.805, CFI=.952, and RMSEA=.064) to the data while the one-factor model did not thus unidimensionality of the measures are supported. This result further confirm that the study is free from common method bias.

Validity and Reliability

Higher order construct reliability and validity were calculated. Calculations were made for the Cronbach's Alpha, Composite reliability, and AVE for constructs. The composite reliability should be greater than 0.7 and the average variance extracted (AVE) should be greater than 0.5. Each value exceeds the threshold (Hair Jr et al., 2021). Table 2 displays the measurement model's results, which are above recommended values and show satisfactory validity and reliability.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Indicator</th>
<th>Standardized Factor Loading</th>
<th>Cronbach Alpha</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relational Climate</td>
<td>RC_1</td>
<td>0.599</td>
<td>0.938</td>
<td>0.931</td>
<td>0.558</td>
</tr>
<tr>
<td></td>
<td>RC_2</td>
<td>0.539</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RC_3</td>
<td>0.746</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RC_4</td>
<td>0.655</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RC_5</td>
<td>0.914</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RC_6</td>
<td>0.881</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RC_7</td>
<td>0.781</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RC_8</td>
<td>0.699</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RC_9</td>
<td>0.857</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RC_10</td>
<td>0.701</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RC_11</td>
<td>0.754</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Discriminant validity

The Fornell and Larcker criterion (Fornell & Larcker, 1994) was used to claim the constructs' discriminant validity. The findings show that all AVE square roots were higher than the values for the correlation among the constructs. The discriminant validity of the model was satisfied by this, as shown in the table below.

Table 5. Criteria of discriminant validity using Fornell & Larcker criterion

<table>
<thead>
<tr>
<th>RelCli</th>
<th>OrgPerf</th>
</tr>
</thead>
<tbody>
<tr>
<td>RelCli</td>
<td>0.747</td>
</tr>
<tr>
<td>OrgPerf</td>
<td>0.335</td>
</tr>
</tbody>
</table>

RelCli= Relational Climate, OrgPerf= Organizational Performance
Source: Prepared by the authors (2023)

Structural Model Testing (Hypothesis testing)

We ran the structural model in AMOS to test the research model's hypotheses. The critical ratio, standard error, standardised estimates, and probability values were computed.
As shown in Table 6, when a model has two factors instead of just one, the model fit improves. According to Kline (2011), the acceptable ranges are $\chi^2$/df values between 2.0 and 3.0, and CFI values should be more than 0.9. The measurement model is unidimensional because the two factor model's parameters are $\chi^2$ (122) = 428.97, $p < .001$, $\chi^2$/df = 3.516, CFI= 0.958, and RMSEA= 0.08.

Compared to the above appropriate threshold 0.90, the Goodness of Fit (GFI) obtained are 0.875. The Root Mean Square Residual (RMR) and RMSEA, however, are both just under the suggested upper limits of 0.05 and 0.08, respectively. This might suggest that the correlation is correctly predicted by the model. The values for GFI and AGFI satisfied the requirement because they were greater than the allowable value 0.8 (Baumgartner & Homburg, 1996), despite the fact that they do not exceed 0.9 (the acceptable value). The two-factor model thus exhibits a level that is acceptable fit in confirmatory factor analysis, indicating that the hypothesised model adequately matched the measured data.

It is completely obvious from the structural model above that Hypothesis 1: Relational Climate is associated positively with Organisational Performance ($\beta$=0.31, $p < .001$). According to the path coefficients table, the relationship climate has a significant influence on organisation performs. H1 is therefore approved.

**DISCUSSION AND CONCLUSION**

The current study's aim was to investigate the relationships between relational climate and organisational performance. The appropriate literature was used to adapt the measurement scales for each construct. By analysing the measurement model, the validity and reliability of the measurement scales used in the current study were also investigated. By focusing on relational climate based on social interdependence among employees, this study adds to the body of knowledge of relational climate which hitherto is at nascent stage.

According to the findings, the relationship between relational climate and organisational performance had a $\beta$ value of 0.313. Additionally, the path’s t-value is higher than 1.96 (Kline, 1998). The findings showed a significant correlation between organisational performance and
relational climate. H1 was therefore supported. Because the proposed relationship was focused on outcomes at the organisational level, the study's findings substantially contribute to the existing relational literature. This study's main contribution is the operationalization of relational climate in the place of work. At both the items and first-order factor levels, this study provided empirical support for reliability, discriminant validity, and convergent validity.

Despite the fact that the theoretical framework was developed in western culture—completely unrelated to Indian culture—By examining the connections between relational climate and organisational performance, our study aims to add to the body of prior research. Despite cultural differences, this study's findings showed that the theories on relational climate hold true even in the Asia-Pacific region, where countries like India have different traditions and cultures. Therefore, future research may compare different cultures in order to develop a solid theory.

THEORETICAL SIGNIFICANCE

This study contributed to the relational climate literature by expanding Fiske's (1992) relational models’ theory to understand the nature of the relationships among employees. This theory has the benefit of enabling a broader and deeper and more detailed conceptual framework than the peer-to-peer network literature, which has already been effectively employed in business research. In particular, we put our argument in this research that, employees can frame peer relationships using a communal sharing model where membership in the same community directs behaviour among the members, which leads to social dependence among employees and shared purpose, trust, caring, assistance, and knowledge sharing helps to achieve organizational performance.

MANAGERIAL SIGNIFICANCE

The importance of relationships in organisations and organisational research has been, and will likely continue to be, a major theme. Therefore, in order to achieve organisational performance, practitioners must have access to a metrics that captures how employees perceive relationships in a specific organisation. This paper made the first strides toward conducting an empirical investigation of the relational climate measure in the Indian oil and gas sector that will be useful for this purpose. This study explains that relational climate developed based on shared purpose,
compassion, and energy created due to relationship helps in achieving the organizational climate. Hence, managers must develop such relational climates in the organization.

LIMITATION AND FUTURE RESEARCH

This study's cross-sectional design restricts the claims about the theoretical relationships, hypothesised about causal direction, especially when it comes to a construct like relational climate, which is likely to both affect and be affected by the same variable. Future research may opt for longitudinal studies. Also, relational climate may become a multilevel construct as a result of future studies.

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