

The Role of Organizational Climate on Employee Performance: An Empirical Study of Government Hospitals of Lahore, Pakistan

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Abstract

The main intention of the study was to examine the effects of organizational climate on employee performance in hospitals. The said sector was opted as population of the study. Different Govt. Hospitals of Lahore were selected as a sample by using simple random sampling methodology. 200 questionnaires were distributed to the hospital's staff. 170 questionnaires were filled by employees and used for further interpretation. The response rate of overall study was 85%. Pearson's correlation analysis, multiple regression analysis and reliability analysis were used for analysis on collected data. The results of Pearson's correlation analysis showed that there is positive relationship between organizational climate, innovative climate, and cooperative climate with employee performance. The practical point of view gives clear clue to Hospitals administration must understand the significance of Climate i.e. innovative climate and cooperative climate to improve the employee performance. For future studies, data may be collected on same variables to other sectors like education zone, telecom industry, textile industry, services sector etc. for generalizing the results.

Keywords: Organizational Climate, Innovative Climate, Cooperative Climate, Employee Performance, Hospitals of Lahore

Introduction

Among the many obstacles and problem due to the global demand and resources, organizational climate is one major target that remains dominant in organizational psychology. Organization plays a major role in the business development and success (Addenike, 2011). Organizational climate is related with quality and work environment that support the employees and allow them to feel rewarded in the organization (Al-Shammari, 1992). Within the organizational structure, organizational climate has strong influence and impacts the motivation of the employee. The employee's evaluation of organizational environment is multi-dimensional and determines the organizational behavior like rules, regulation, structure, reward; tolerance and innovation combined with job satisfaction and performance (Benson, 2013). In the same way, employees are referred to an important backbone of any organization upon which the failure and success of business is depended. Employee's performance is the major reflection of organizational policy, strategy as well as practice. Performance of employees is included in the organizational system that actively plays the role of improving the business and developing the career of employees (Bronkhorst, Tummers, Steijn, & Vijverberg, 2014). The organization can only achieve their target through employees and thus employees and their performance becomes essential (Brown & Brooks, 2002). The link between climate of the organization and performance of the employee is very actively observed in the health-care sector and it is established that there is a gap between what employee wants and what organization climate facilitate or provide the employee with.

Problem statement

Based on the literature available on the organizational climate it is established that employees and organization are directly influenced by each other (Kangis, Gordon, & Williams, 2000). In the healthcare center like hospital, this influence is somehow challenging and difficult. The researcher noted the variable on organizational climate influencing the performance and suggesting the hospital certain effective determinant and factors (Gershon, Stone, Bakken, & Larson, 2004).

Significance of study

In the health care center, it has become even more important to have insight and better understanding of employees giving the 24/7 rounds and public health facilities. In the hospital, the employee performance study would provide factors affecting employee's behavior (Carlucci & Schiuma, 2014). The study would also influence the policy and strategies of hospital in providing better atmosphere to the employees. Furthermore, this study reflects that a positive work environment and effective motivation level that leads to a high rewarding performance and energetic work in hospital (James & Jones, 1974).

Objectives of the study:

Therefore, the basic objectives of study are:

1. To identify the impact between organizational climate and employee performance;
2. To evaluate the relationship between innovative climate and cooperative climate on employee performance;

Research Questions:

The conducted research endeavors to solve the given research question:

RQ₁: Does the climate of the organization effect the performance of employee in hospitals of Pakistan?

RQ₂: Does innovative climate and cooperative climate effect on employee performance in hospitals of Pakistan?

Thus considering the above problem statements, climate of the Organization and performance of the employee are the two important determinants that allow success of overall sector and influences the business across the other dimensions (Macdavitt, chou, & Stone, 2007). The study is based on the hospital climate and its consequences on the employee's performance, giving an insight into so many factors that could be used to elevate the performance of health care center. The performance of the employees in hospital also marks the quality and satisfaction of health in the public (James & Jones, 1974).

Literature review

Over the decade, there are numerous researches that have been conducted on the climate of the organization & employee performance. The research field has been developed to create a meaningful and influential mark on the climate of the organization & employee performance (Williams, 2000). It is identified that the interaction between climate and individual need in any organization directly influences the performance and individual satisfaction. Climate is fairly related with the performance and job satisfaction in every possible way (Addenike, 2011).

Berberoglu (2018) explored the positive organizational climate for a better commitment and performance in the health care sector. Therefore a linear relationship of organizational climate with performance has been observed (Sunarsih & Helmiatin, 2017).Climate of the Organization is statis-

tically significant in determining the employee commitment and is noted as important factor to determine the organizational performance (Berberoglu, 2018)

Based on the newly intangible resource in organizational performance, the valuable health care services and organizational climate is noted as distinctive features that are based on combination of intangible multidimensional structures (Stone, et al., 2017). Several studies on the importance of organizational climate in health care context are outlined and among these studies, the training and education, leadership style, performances are identified as healthcare loyalty towards the organization. It is true that health care is a complex entity but this particular structure provides diversity to organizational forms, hospital status and evolves the parameters to managerial control (Saks, 2006).The Institute of Medicine reported safety and quality issues in U.S health care, new attention on system brings the cross study quantification model and new domains for the quality and patient centeredness for organizational climate. (Stone, et al., 2017).

The cross sectional descriptive comparison study on organizational climate and nurses for excellence award hospital and other hospital indicate performing quality improvement for pattern in organizational excellence and climate in healthcare sector (Nojehdehi, Farahani, Rafii, & Bahrani, 2015). In the same way, organizational climate is noted as performance driver as per the health care workers perception in large hospital (Carlucci & Schiuma, 2014). There are studies that illustrate the relationship between organizational climate and employee performance with positive indication and performance. The workplace behavior, productivity and work commitment, job level and job status indicate towards positive relationship. Both employer and employees are expected to have certain positive organizational climate that influences the motivation and employee performance (Madhukar & Sharma, 2017). It is also identified that standardized climate measures are facilitated with ultimate goal of evidence based management practice and quality care (Pastor & Harrison, 2011).

Knowing the fact that there is an association between the relationship of organizational climate & health service outcomes, the organizational culture and organizational climate remain the major instrument in healthcare field (Gershon, Stone, Bakken, & Larson, 2004). It is also reported that the climate of the organization reflects on the employee performance especially in health care sector. The measurement of organizational climate across the studies influenced the outcome in the form of positive organizational climate (Macdavitt, chou, & Stone, 2007).

Methodology

Hypothesis

H₁: Organizational climate assumes a significant impact on employee performance.

H₂: Innovative climate and cooperative climate have a significant impact on employee performance.

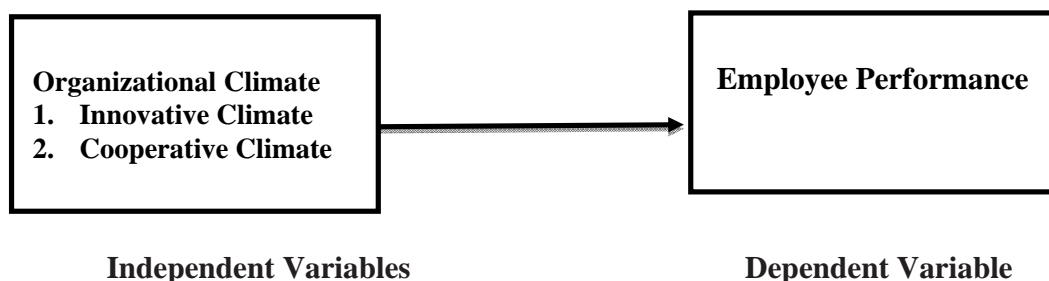


Figure 1: Research Model

Research Instrument

The intention of research is to look at the connection between organizational climate and employee performance. To estimate the said idea, effectively settled instruments are used in this research.

Table 1. Research Instruments

r.	Variable Name (Item Scale)	Taken From	Number of Items
	Organizational Climate (OC)	Jaw and Liu (2003)	5
	Employee Performance (EP)	Karatepe (2013)	3
Total			8

5 point Likert scale from strongly disagree to strongly agree is used.

Population

The present investigation centers on the employees of Hospitals Pakistan as populace. Because of lack of time and capital, researchers are chosen the Govt. Hospitals in Lahore as a mockup for information accumulation.

Sampling technique and Sample size

Using a simple random sampling technique, researchers distributed 200 questionnaires in various Govt. Hospitals. In data assortment process, 170 questionnaires were taken back and utilized for conclusive examination. Data was gathered from different hospital employees such as young doctors and nurses. The percentage of retort was 85% in general.

Results

Validity and Reliability

Before evaluating the performance of individuals by using variables along with the help of asking different questions, the questions must be significant, supported and well formulated to the research. In this research study, 8 statements decided which measure the behavior and attitudes of individuals. However, the questionnaire exposed high range of validity.

This research depends on 170 representatives of Govt. Hospitals. The general **Chronbach's alpha is 0.965** as in SPSS solid reliability test.

Correlation Analysis

So, as to analyze the connection between organizational climate, innovative climate, cooperative climate and employee performance a bivariate correlation analysis is used. The beneath table demonstrates the consequences of correlation analysis:

Table 2. Correlations

Variables	OC	EP	ICCC	CCOC
Organizational Climate (OC)	1			
Employee Performance (EP)	.934**	1		
Innovative Climate (IC)	.911**	.868**	1	
Cooperative Climate (CC)	.800**	.721**	.482**	1

**. Correlation is significant at the 0.01 level (2-tailed).

Overhead figure displays association among the variables of existing study. The range from 0.482** to 0.934**, and allied with each other positively. The table portrays that there is greatly

significant association among Organizational climate, innovative climate, cooperative climate and employee performance.

Regression Analysis

Regression analysis is an extremely significant instrument in the area of statistical analysis as it figures the estimation of one variable, given the estimation to another variable, when those variables are related to one another.

Table 3. R Square

Variables	R	R Square	Adjusted R Square	Std. Error of the Estimate
Organizational Climate	.934 ^a	.872	.871	.230
Innovative Climate	.868 ^a	.754	.753	.36437
Cooperative Climate	.721 ^a	.520	.517	.52361
Predictors: (Constant), Employee Performance				

The **Value of R²** demonstrates the dimension of impact of the independent variables on dependent variables. The estimation of R² should more than 25% i.e. .25. In first hypothesis, the value of R² is more than .25 as well as is equivalent to .872. In 2nd Hypothesis, the value of R² is more than .25 as well as is equivalent to .754 & .520.

Table 4. ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	60.656	1	60.656	1142.269	.000
	Residual	8.921	168	.053		
	Total	69.576	169			
a. Dependent Variable: Organizational Climate, b. Predictors: (Constant), Employee Performance						
Model		Sum of Squares	Df	Mean Square	F	Sig.
2	Regression	68.368	1	68.368	514.943	.000
	Residual	22.305	168	.133		
	Total	90.673	169			
b. Dependent Variable: Innovative Climate, b. Predictors: (Constant), Employee Performance						
Model		Sum of Squares	Df	Mean Square	F	Sig.
3	Regression	49.952	1	49.952	182.194	.000
	Residual	46.061	168	.274		
	Total	96.013	169			
c. Dependent Variable: Cooperative Climate, b. Predictors: (Constant), Employee Performance						

The **Value of F** expresses the dimension of connection between independent variables and dependent variables. More significant estimation of F means that there is resilient connection between them. In view of the above table, the values of F is higher in thrice cases.

Table 5. Co-efficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.361	.091		3.957	.000
	Employee Performance	.898	.027	.934	33.797	.000
a. Dependent Variable: Organizational Climate						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
2	(Constant)	.043	.144		.299	.765
	Employee Performance	.953	.042	.868	22.692	.000
Dependent Variable: Innovative Climate						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
3	(Constant)	.838	.207		4.042	.000
	Employee Performance	.815	.060	.721	13.498	.000
Dependent Variable: Cooperative Climate						

The **Value of t** should be non-zero and in all hypotheses the table shows that t-value are not zero. Considering the Climate of the Organization and Employee Performance, we found that $\beta=.898$ i.e. unit change in climate of the Organization may result in 89.8% change in employee performance. In relationship between innovative climate and Employee Performance, the value of $\beta=.953$ i.e. that one unit change in innovative climate results in 95.3% alteration in employee performance. In relationship between cooperative climate and Employee Performance, $\beta=.815$ i.e. that unit change in cooperative climate results in 81.5% change in employee performance.

The **p value** depicts the genuine degree of relationship. At the point when the value of p is less than 0.05, then the hypotheses are accepted. In all relationship i.e. organizational climate (OC), innovative climate (IC), cooperative climate (CC) with employee performance (EP); the p value for the relationship is equivalent to 0.000 which means the results are significant. This indicates that the hypotheses are accepted.

Conclusion

In this study, researchers focus on organizational climate, innovative climate, cooperative climate and employee performance. The outcomes of study express a relationship (positive) between the above mentioned variables. Furthermore, regression analysis shows that if organization will provide suitable climate in term of innovative climate and cooperative climate then it will ultimately

effect the employee performance within Govt. hospitals. Thus, the administration of Govt. hospitals should make superior policies about organizational climate for employee performance.

This study has some limitations. Due to budget and period limitation Govt. hospitals of Lahore region is selected for study. The different segments like textile segment, telecommunication segment and education segment still need to be explore.

From a practical perspective, this study explains that administration of Govt. hospitals should be attentive about the significance organizational climate i.e. innovative climate and cooperative climate in the link of employee performance.

For future researches, it is suggested that to make the outcomes more simplified a better sample size, with wider area of research, numbers of private hospitals and other sectors as well must be taken into account. The similar study can also be organized in other segments e.g. educational segment, telecom segment, manufacturing segment etc. to pattern the generalizability of outcomes.

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