Work Climate and Employee Performances: A Literature Observation

Julia Permatasari a
Intan Ratnawati b

Abstract
This article mainly discusses the relationship between work climate and employee performance. Research on the relationship between work climate and employee performance still shows mixed results. The purpose of this study was to determine the relationship between work climate and employee performance by comparing the results of primary research on these two variables. The method used is a conceptual analysis of various previous studies in the last ten years. The results show that there is a significant and positive relationship between work climate and employee performance, especially in the Indonesian context where social relations take priority in society. This implies that managers must be able to create a favorable work climate to encourage employee performance improvement, although this is not the only thing that must be considered.

Keywords:
conceptual analysis;
employee performance;
literature review;
performance improvement;
work climate;

Article history:
Submitted: 27 January 2021
Revised: 18 February 2021
Accepted: 09 March 2021

International research journal of management, IT and social sciences © 2021. This is an open access article under the CC BY-NC-ND license (https://creativecommons.org/licenses/by-nc-nd/4.0/).

Corresponding author:
Permatasari, J.
Master’s Degree Program in Management, Faculty of Economics and Business, Diponegoro University, Semarang, 50241, Indonesia
Email address: juliapermatasari95@gmail.com

Master’s Degree Program in Management, Faculty of Economics and Business, Diponegoro University, Semarang, 50241, Indonesia
1 Introduction

Employee performance is one of the benchmarks of success for an organization. Fundamentally, organizations are aiming to achieve their goals. Hence, employee performance becomes the most important factor that needs to be observed. Employee performance is an important part of the company to improve the effectiveness of human resources (Snell & Bateman, 2018; Fay & Lührmann, 2004; Hellriegel & Slocum, 2004). This is because employee performance will relate to some or all of the activity actions of an organization at a period with a reference to some standards such as past costs projected based on efficiency, accountability or management accountability and the like in achieving its objective (Rivai, 2013). Employee performance is defined as the achievement of the work of a person or group of individuals following the authority and responsibility after exerting the necessary efforts on the related work (Hellriegel et al., 1999; Karakas, 2010).

Therefore, due to the importance of employee performance in measuring an organization’s productivity, some research regarding factors that are affecting employee performance is conducted. Amongst the factors affecting employee performance, work climate or working environment becomes one of the factors evaluated (He, An, & Li, 2015). Work climate and its components are considered significant in predicting employee performance for an organization (Abubukr & Bader, 2013; Duchon & Plowman, 2005; Kapp, 2012). Organizational work climate then must be one of the things to be observed by managers because this factor directly affects and forms the working environment (A. D. Diamantidis & Chatzoglou, 2019). A positive and constructive work climate is the important thing to be able to motivate employees. A positive work climate will affect the high motivation of work responsibilities, commitments, worker engagement, job satisfaction, and work discipline and as a result increase work productivity. In short, a positive working climate will be more successful over time as it increases emotions and positive well-being (Emma & Kim, 2015). Managers must be able to evaluate work climate and uses their experiences to be able to change and improve management practices that will motivate employees to perform better and keep on improving.

But then, research regarding the relationship between work climate and employee performance up until recently still shows various results. Though most of the research shows that there is indeed a connection between work climate and employee performance (Li, Yee Poh & Mahadevan, 2018). But some researchs show otherwise. Delft (2010) found that the working climate consists of many dimensions. The results of previous studies show that from several dimensions of the working climate that has a significant influence on employee performance only Innovation. Meanwhile, responsibility, Reward, Clarity, standards have no significant effect. Kusmaningtyas & Priyana (2013) also found similar results that employee performance is not affected by work climate. Those studies show that each employee’s performance in their daily working activity in accordance to their responsibility and authority is not affected by internal environment quality, but it is affected by personal behavior instead, as the characteristics are shown.

Based on mentioned observation, the purpose of this study is to conduct a conceptual observation for existing research literature by comparing results obtained in each research and then obtaining an entire understanding of the relationship between work climate in an organization and employee performance. This research will contribute to developing knowledge about the relationship between work climate in an organization and employee performance and providing a conceptual framework that can be used in further studies development.

Literature Review and Research Model Development

Employee Performance

Fundamentally, performance represents the amount of work a person can finish in a certain given time. Performance can be considered an accomplishment of a program or policy in the realization of an organization’s objectives, goals, vision, and mission policies that impact of many dimensions. The results of previous studies show that from several dimensions of the working climate that has a significant influence on employee performance only Innovation. Meanwhile, responsibility, Reward, Clarity, standards have no significant effect. Kusmaningtyas & Priyana (2013) also found similar results that employee performance is not affected by work climate. Those studies show that each employee’s performance in their daily working activity in accordance to their responsibility and authority is not affected by internal environment quality, but it is affected by personal behavior instead, as the characteristics are shown.

Based on mentioned observation, the purpose of this study is to conduct a conceptual observation for existing research literature by comparing results obtained in each research and then obtaining an entire understanding of the relationship between work climate in an organization and employee performance. This research will contribute to developing knowledge about the relationship between work climate in an organization and employee performance and providing a conceptual framework that can be used in further studies development.

5) Comparative, is willingness to work together with others (between organization members).
6) Dependability, is awareness and reliability in terms of presence and work accomplishments.
7) Initiative, is passion to finish new tasks and increasing their responsibility.
8) Personal qualities is involving personalities, leadership, hospitality, and personal integration.

According Anastasios D. Diamantidis & Chatzoglou (2019), terdapat dua hal utama yang dapat mempengaruhi kinerja karyawan, yaitu faktor individu dan faktor lingkungan organisasi. Individual factors mainly relate to intrinsic motivation, skill flexibility, skill level, proactiveness, adaptability, commitment. While the organization's environmental factors are related to the working climate, autonomy of work, communication.

Work Climate

Employee perceptions regarding their environment work in an organization are called climate work according to Robbins and Coulter (Robbins & Coulter, 2016; Pant & Yadav, 2016; Permarupan et al., 2013). A good work climate is considered able to encourage an organization’s survivability. This will encourage the employee to be able to adapt towards processes within the organization, and improving individual abilities, team, and every involved party of an organization.

Work climate can also be represented as a condition where employees feel safe, composed, and comfortable in doing their job and can increase motivation and impact the work environment (Hicklenton et al., 2019). Working environment then becomes one of the important factors on work climate. Working environment is viewed to be able to either directly or indirectly influence people inside an organization. Work climate greatly affects the behavior of individuals within the organization (Subramani et al., 2016). It concerns the environment that exists or that an individual faces within an organization and affects a person in performing a task or job (Keith & Davis, 2001).

Working environment and work climate in an organization include two main components, such as physical and psycho-social aspects. Physical environment in work climate are given more concerns and considered to be more important in literature development regarding work climate. Physical environment then assumed to be main consideration of employee performance. Research about influence of physical environment, such as lighting, temperature, noise level, and atmosphere situation towards employee performance, doesn’t find that there is a significant relationship between physical environment element and employee performances (Sleight & Tiffin, & Vickroy, Shaw, 1997). Later, this encourages research regarding relationship between social and psychological climate in workspace and their influences towards employee performance and behaviors. Psycho-social climate is considered important in the development of “quality of work life (QWL)” (Abubakr & Bader, 2013; Shanker et al., 2017). This encourages observations regarding organization’s climate must involve these both aspects to get more comprehensive results.

Research conducted by Jyoti (2013) proves that with a pleasant Work Climate will improve work-related performance. Thus the study conducted by Bamel et al. (2013) show that the existence of a conducive Work Climate can improve the effectiveness of management. Agarwal (2015) proves that Work Climate is a mediation in improving performance. Some factors encourage the formation of good climate work, such as followings (Lamberti et al., 2020):

1) Organization’s vision – management’s vision (vertical vs horizontal), culture/ethic orientation, management capacity to make good decision, and willingness of management to inform employees about the condition of the organization and the direction it is moving towards.
2) Superiors – relationship between employees and their direct superiors and professional ability, also leadership they experience from managers.
3) Colleagues- social climate between work partners, social sense of belonging, and cooperations between colleagues.
4) Physical environment –physical working environment, work safety, salary and allowance package, and all work aspects from sociocultural context of isolations.
5) Company’s image – trust and reliability experienced by company; including numerous activities in accordance to formal communication through name, logo, nameplate, company advertisements, and public relations.

Work Climate and Employee Performance

Numerous research has been conducted to study the relationship between work climate and employee performance. Some opinions consider work climate is more important or that it has more influence compared to ability or
organization’s technique in creating effective organization (Hadian, 2018). Work climate is related to environment where employees are doing their works and it will influence their behavior within organization, oftenly represented as organizational culture, hence involving in employee performance in accomplishing their tasks. Work climate will influence employee performance as shown on how employee can accomplish their task well. Subramani et al. (2016) stated that there exists a correlation between organization climate with employee performance. In this context, organization climate is a numerous measurable behavior from organization envionment based on collective perceptions of employees within that organization.

Work climate is considered important factor within organization to be able to achieve its goals. Conducive climate within organization will encourage well accomplished tasks (Hafee et al., 2019). Especially when work climate within organization can improve working passion, which then will accelerate task accomplishment that becomes employee responsibility. Therefore, good work climate will improve employee performance, represented in the increase of productivity. High productivity within organization proves that environment where individuals work is in conducive state because high work satisfaction of an organization (Putra, 2018).

2 Materials and Methods

This study is a qualitative study, in which literature study is used. Data used in this study is secondary data. Reviews were conducted towards numerous earlier research. Hence, this study is conducted conceptually in accordance with earlier research regarding the relationship between work climate within organization and employee performances. Literature used as references in this study is limited to that of ten years intervals.

3 Results and Discussions

Literature review towards various research regarding the relationship between organizational climate and employee performance has been conducted. Reviews were conducted on the results of research that lasts in the last 10 years, either national or international publications. But, literature that was written in Indonesian studying about the relationship between work climate and employee performance are most likely to be found compared to that of international publications regarding the same problems. In general, results show that reviews towards the relationship between organizational climate and employee performance were using the quantitative method. Table 1 shows various findings regarding the relationship between organization climate and employee performance.

<table>
<thead>
<tr>
<th>Researcher/year</th>
<th>Research Aims</th>
<th>Method</th>
<th>Results of the study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raja. S, Madhavi, &amp;</td>
<td>This study was conducted to determine the Impact of The Organization’s</td>
<td>Quantitative</td>
<td>From this study it was found that there is a significant relationship between the organization’s climate with respect to employee performance. There is a positive relationship between variables. The analysis found that orientation, interpersonal relationships, managing problems, managing conflicts, reward management, risk-taking.</td>
</tr>
<tr>
<td>Sankar (2019)</td>
<td>Climate on Employee Performance in Manufacturing industry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delft (2010)</td>
<td>Organizational Change Readiness for Implementing ISO15288. Testing the</td>
<td>Quantitative</td>
<td>Iklim organization consists of many dimensions. The results of previous research showed that from several dimensions of the organization’s climate that has a significant influence on employee performance</td>
</tr>
<tr>
<td></td>
<td>Relationships between Change Valence and Change Commitment</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

only Innovation. Meanwhile, responsibility, Reward, Clarity, standards have no significant effect.

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Study Title</th>
<th>Methodology</th>
<th>Results/Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Berberoglu (2018)</td>
<td>The purpose of this study was to analyze the organization's climate impact on the organization's commitment and perceived organizational performance: empirical evidence from public hospitals</td>
<td>Quantitative</td>
<td>The results revealed that the organization's climate is strongly correlated with the organization's commitment and perceived organizational performance. Simple linear regression results show that the organizational climate is significant in predicting organizational commitment and perception of organizational performance.</td>
</tr>
<tr>
<td>Abubakr &amp; Bader (2013)</td>
<td>The purpose of this research is to find out the perceived working climate and performance of employees in public safety organizations in the UAE</td>
<td>Quantitative</td>
<td>The results showed that the climate of the organization and its components significantly predicted its performance and factors.</td>
</tr>
<tr>
<td>Thanh, (2018)</td>
<td>The purpose of this study was to analyze &quot;How spirituality, climate and compensation affect work performance&quot;</td>
<td>Quantitative</td>
<td>The findings suggest that there is a strong, positive and significant relationship between workplace spirituality (involving work, a sense of togetherness), workplace climate, compensation and perceived work performance.</td>
</tr>
<tr>
<td>Amro et al. (2018)</td>
<td>The purpose of this study is to analyze knowledge management, workplace climate, creativity and performance: Authentic leadership roles</td>
<td>Quantitative</td>
<td>Empirical results show that authentic leadership positively affects the workplace climate, creativity and work performance; workplace climate positively affects creativity and work performance; the workplace climate mediates the relationship between authentic leadership and creativity, and work performance; and knowledge-sharing behavior moderates the relationship between authentic leadership and workplace climate.</td>
</tr>
<tr>
<td>Mutonyi et al. (2020)</td>
<td>The purpose of this study is to analyze the influence of climate organization and creative performance in the public sector</td>
<td>Quantitative</td>
<td>The findings show that the organization's climate has an important role in the creative performance of employees. The organization's climate showed a positive and significant relationship with the two creative performance variables included in the study. In addition, the study revealed that individual creativity mediates the relationship between the</td>
</tr>
<tr>
<td>Authors</td>
<td>Title</td>
<td>Methodology</td>
<td>Findings</td>
</tr>
<tr>
<td>---------</td>
<td>-------</td>
<td>-------------</td>
<td>----------</td>
</tr>
<tr>
<td>Fenwick, C., &amp; Harald (2011)</td>
<td>The purpose of this study is to analyze organizational climate and performance in retail pharmacies.</td>
<td>Quantitative</td>
<td>A supportive climate tends to be associated with higher organizational performance (i.e. financial performance, staff satisfaction, customer satisfaction) in small retail pharmacies, and can reduce staff turnover.</td>
</tr>
<tr>
<td>Nugroho et al. (2019)</td>
<td>The purpose of this study is to analyze the influence of motivation and work climate on the performance of employees at Duta Bangsa Surakarta University.</td>
<td>Quantitative</td>
<td>The working climate has no effect on employee performance, but together they affect the performance of employees at Duta Bangsa Surakarta University.</td>
</tr>
<tr>
<td>Prastiyono et al. (2020)</td>
<td>This study was conducted to study the influence that can be caused by leadership style, organizational culture and work climate on job satisfaction that will have a chain impact on the quality of employee performance.</td>
<td>Quantitative</td>
<td>It was found that the work climate negatively affects employee performance, this is because the work climate is seen as a dynamic system concept. This means that the climate in an organization is not fixed, but can change to a better atmosphere or vice versa.</td>
</tr>
<tr>
<td>Kusmaningtyas &amp; Priyana (2013)</td>
<td>This study aims to determine the effect of compensation and the organization's climate on work motivation and its impact on the performance of employees of PT Bank XXX Tanjung Perak Branch.</td>
<td>Quantitative</td>
<td>The results of the analysis in this study showed that the organization's climate variables did not significantly affect employee performance. The organization's climate must first generate work motivation in order to improve employee performance.</td>
</tr>
<tr>
<td>Abubakr &amp; Bader (2013)</td>
<td>The purpose of this paper is to test the potential relationship between perceptions of the work climate and work performance within security organizations.</td>
<td>Quantitative</td>
<td>The results showed that the climate of the organization and its components significantly predicted its performance and factors.</td>
</tr>
<tr>
<td>Abdillah, Anita, &amp; Anugerah (2016)</td>
<td>This study aims to test the organization's climate impact on work stress and employee performance.</td>
<td>Quantitative</td>
<td>The results showed that the organization's climate affects work stress and employee performance. In addition, these results also show that the organization's climate influence on employee performance is an indirect influence through work stress.</td>
</tr>
<tr>
<td>Khademfar et al. (2013)</td>
<td>This study aims to find out the relationship between Ethical Work Climate (EWC) and Corporate Performance.</td>
<td>Quantitative</td>
<td>Based on the results of the study found a high correlation and a significant relationship between EWC and Organizational Performance (OP) in Malaysian</td>
</tr>
<tr>
<td>Author(s)</td>
<td>Title</td>
<td>Methodology</td>
<td>Summary</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>----------------------------------------------------------------------</td>
<td>--------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Alberto, Amar, &amp; Patrisia (2019)</td>
<td>This study aims to analyze the influence of Leadership, Organizational Culture and Work Climate on Employee Performance</td>
<td>Quantitative</td>
<td>The results showed that klim work has a significant and positive effect on employee performance. The working climate in this case relates to the atmosphere and circumstances that describe the conditions of workers or concerns between each other.</td>
</tr>
<tr>
<td>Siregar &amp; Evanita (2020)</td>
<td>Research objectives to analyze the influence of Leadership, Organizational Culture and Work Climate on Employee Performance</td>
<td>Quantitative</td>
<td>The results showed that the work climate has a significant impact on employee performance which means that the work environment is one of the important variables and can improve employee performance.</td>
</tr>
<tr>
<td>Permarupan et al. (2013)</td>
<td>The purpose of the research is to propose to review the organizational climate and the spirit of employee work and the commitment of the organization to academics of public and private universities.</td>
<td>Quantitative</td>
<td>The results showed a causal relationship from a good organizational climate, employee morale and commitment in an organization. Conceptual models of the organization's climate and employee morale and organizational commitment are presented that provide an explanation of the interrelationship between these variables.</td>
</tr>
<tr>
<td>Abdul-Nasser El-Kassar et al. (2011)</td>
<td>The study investigated the effects of seven dimensions of the organization’s climate (Structure, Responsibility, Risk, Appreciation, Warmth and Support, Conflict, and Expecting Approval) on three types of organizational commitments (Affective, Continuous and Normative). The purpose of this paper is to examine whether there is a relationship between every aspect of the organization’s climate and any type of employee commitment.</td>
<td>Quantitative</td>
<td>The results showed that affective commitment is strongly correlated with the five components of the organization's climate: structure, responsibility, warmth and support, conflict and expecting approval. Also, continuity commitments are impacted by three climate organizations: reward, warmth and support, and structure. In addition, normative commitments are significantly related to three climate organizations: reward, warmth and support, and structure.</td>
</tr>
<tr>
<td>Crespell &amp; Hansen (2008)</td>
<td>It seeks to integrate into unifying models the concept of a working, innovative, and assertive performance climate using</td>
<td>Quantitative</td>
<td>The results found a positive and significant relationship among all factors. Having innovation as a core part of the company's strategy and fostering a climate for innovation</td>
</tr>
</tbody>
</table>
based on the findings written in table 1 above, some aspects are observed. First, the findings show that most of the mentioned earlier research indicated positive and significant relationship between work climate and employee performance. Only a small portion of the researches shows otherwise, that work climate doesn’t have influences on organization climate (Delft, 2010; Nugroho et al., 2019; Prastiyo et al., 2020; Kusmaningtyas & Priyana, 2013). This can be caused by various factors, This can be because the working climate consists of many dimensions and the results of the study show that from several dimensions ‘work climate that has a significant influence on the performance of employees only Innovation. For Responsibiliy, Reward, Clarity, standards have no significant effect (Delft, 2010). As for several factors, such as employees are too focused on their tasks thus ignoring their work climate (Nugroho et al., 2019) and work climate is considered as a dynamic concept that gradually changes (Prastiyo et al., 2020). Furthermore, according to Kusmaningtyas & Priyana (2013), there are some factors causing work climate not having significant effect on employee performance, such as pressures in accomplishing targets, oftenly changing rules and policies within an organization, work partners that oftenly change, and too high working targets that needs to be achieved. Based on those, a conclusion can be taken that fundamentally, organization has a significant and positive towards employee performance. While findings that is in contrast of what mentioned before shows that there exists a barrier that prevents employee to experience work climate thus the relationship between the two can not be measured well.

On the other hand, numerous researches shows that studies regarding work climate and employee performance were mostly conducted to observe employee performance using various variables. In this context, work climate then became one of dependant variables to study employee performance. Only small portions of the study were conducted to explore the relationship between the two (Raja. S et al., 201; Mutonyi et al., 2020; Fenwick et al., 2011; Abubakr & Bader, 2013) This then shows that organization climate is one of the factors that are considered to influence employee performance. But then, these represents that further study is required to explore specifically on the relationship of the two. This can be achieved by observing further regarding work climate components like physical environment, and psychosocial components that influence employee performance.

Reviews regarding relationship between work climate and employee performance in Indonesia mostly conducted in organizational context. Only few is taking foreign context to be studied (Abubakr & Bader, 2013; Fenwick et al., 2011; Mutonyi et al., 2020). Therefore, in general employee performance in Indonesia is influenced by work climate within organization where they are working on. This also can be considered to be normal since Indonesian people puts social interactions as an important component of their daily lives. Thus, working environment atmosphere will impact on how they work and then influencing on their performance.

4 Conclusion

Based on discussion regarding the findings of earlier researches conducted, several conclusions are taken. Firstly, organization climate has a positive and significant effect on employees performance. This is based on the findings that most of the researches show a positive and significant effect between these two variable. Secondly, organization climate is just one of the factor that is considered able to influence the employee performance, so this factor can be reviewed together with other factor to verify the effect on employees performance. Lastly, Indonesian employee performances are effected by work climate within the organization where they work.

In concept, this study explains that the effects of work climate towards employee performance are positive and significant. Implying that the employee are considering that work climate is an important thing to be able improve their
performance. Fine work climate can encourage them to accomplish their task well, so that they can improve their performance. Therefore, the implications of this research for management is to maintain a good work climate in the workplace is necessary. Thus manager must be able to create a fine work climate for the employees. So that the employee experiences comfortability and then encourages them to be able to work better. Especially in organizational context in Indonesia where every individuals generally put social relationship as an important thing. Nevertheless, the fact that employee performance is not only influenced by work climate can not be ignored. Therefore, manager must be able to develop various ways to improve employee performance, depends on what organization he is working at.

Furthermore, the results of earlier research indicate the review regarding relationship between work climate and employee performance are dominated by quantitative method researches. Because of that, upcoming researches in studying the relationship of the two can use qualitative method. Hopefully, by using qualitative method more deeper overview regarding organization climate that is considered to be impactful on employee performance. Deeper analysis can also be conducted to components of work climate, such as physical and psychosocial environment that influence employee performance. This will further show about how the work climate can affect employee performance. Furthermore this research has its own limitation because only a part of literature regarding relationship between work climate and employee performance used for reference. More comprehensive analysis will be needed to get more insight about the relationship between the two. Therefore, the upcoming research can use meta-analysis method on various pre-existing studies. Meta analysis will provide a statistical overview of various scientific reviews in accordance to work climate and employee performance.

Conflict of interest statement
The authors declared that they have no competing interests.

Statement of authorship
The authors have a responsibility for the conception and design of the study. The authors have approved the final article.

Acknowledgments
We are grateful to two anonymous reviewers for their valuable comments on the earlier version of this paper.
References


