

## ORGANIZATIONAL CLIMATE AND ITS RELATIONSHIP TO JOB SATISFACTION IN KUWAITI INDUSTRIAL COMPANIES

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### ABSTRACT

The purpose of this study is to explore organizational climate as a predictor of job satisfaction of employees from Kuwaiti industrial companies. A total of 350 copies of questionnaires were administered to six selected industrial companies, but a total of 293 questionnaires were returned fully and appropriately filled. The results indicate that there is a significant positive relationship between organizational climate and job satisfaction among employees in these companies. The findings indicate that organizational climate explains 46.7% of the variations that occur in job satisfaction. The most important dimension affecting job satisfaction are Leadership and Performance Evaluation, which together explain 50.9% of the variations that occur in job satisfaction. The study concludes with limitations and future research suggestions to enhance organizational climate in public and private organizations in Kuwait.

**Keywords:** Organizational climate, job satisfaction, Kuwait.

### INTRODUCTION

Global development has led organizations seek to achieve their objectives through effective use of resources. One of these resources is human resource, which is considered an organization's most valuable resource. In an effort to improve the performance of human resources, organizations seek to provide an appropriate organizational climate to help individuals perform their jobs efficiently. Organizations realized that they can't motivate employees without understanding the nature of the organizational climate and learning about its impact on behavior, motivation and the performance of the employee in order to improve and develop the performance and increase the functional efficiency (Chiang and Birtch, 2011; DeConick, 2011). Because organizational climate is a description of the characteristics of the work environment, job satisfaction for individuals working with those characteristics must be affected by the organizational climate, either enhancing the feeling of job satisfaction constituting a supportive environment, or hampering the sense of job satisfaction (Alomian, 2010). Accordingly, government and private organizations have attached great importance to the provision of an appropriate organizational climate to achieve its goals as a basis for raising the level of job satisfaction and improving performance. Furthermore, studies in the past decades have shown that job satisfaction has helped achieve greater productivity and better commitment, and reduced levels of absenteeism and intention of leaving work (Dorman and Zapf, 2001; Yousef, 2002; Cohrs, Abele and Dette, 2006; Melhem, 2006).

In spite of the attention bestowed upon the organizational climate in most foreign studies, but there is still a need to explore and conduct further research in Kuwait, especially if we take into account that most of the studies conducted in Kuwait dealt with only one side, either the organizational climate or job satisfaction. Therefore, there is a need to know the factors within the organizational climate which could lead to better job satisfaction.

The importance of the study is to show the importance of the relationship between organizational climate and job satisfaction, where attitudes and behavior of employees rely

on the degree of support and encouragement provided to them by organizational climate. The climate plays an active effect in the managerial process and behavior of employees in different organizations (DeConick, 2011). Additionally, the organizational climate is linked to the health of individuals, physical and psychological, so that the prevalence of unhealthy climate in an organization leads to a low level of satisfaction among employees and reduced motivation to work and increasing absenteeism. Oshagbemi (2000) believes that job satisfaction is related to the physical and mental well-being of employees. Consequently, the understanding of the factors involved in job satisfaction can contribute to improving the well-being of a large number of employees. What distinguishes this study from its predecessors is that this is one of the first studies on organizational climate in Kuwaiti industrial companies, especially after the financial crisis caused by the descent of oil prices, which is the main source of income in the state. This confirms the importance of the industrial companies as an alternative to compensate for the shortfall resulting from the descent of oil prices. This required these companies to raise the level of awareness of the importance of organizational climate and its relationship to the level of job satisfaction.

This research aims to study and discuss the role of the organizational climate in achieving job satisfaction for employees in Kuwaiti industrial companies. This research is an attempt to gain access to certain solutions to deal with the most important organizational climate factors affecting the employee's satisfaction associated with the internal environment of the organization. The main goal is achieved through identifying the level of organizational climate and job satisfaction for employees in Kuwaiti industrial companies, as well as the most important organizational climate factors affecting employee satisfaction.

### **Organizational climate**

Although organizational climate has gained a growing attention, its definition is still considered debatable among researchers. Cooil et al. (2009) concluded that there is considerable overlap and variety among organizational climate constructs, and little agreement about what constitutes organizational climate. Several studies in organizational climate focused on common and learned perceptions that result from formal and informal organizational policies, practices and procedures (Sparrow and Gaston, 1996). Ali and Patnaik (2014) mention that although climate has usually been used to describe organizations, the term can also be used to describe people's perceptions of groups or job assignments in which they work.

Stone et al. (2004) defined organizational climate as individuals' perceptions about the organizational situation in the organization, such as decision-making and the type of leadership and models of jobs and tasks. Hafer and Greshman (2008) identified it as individuals' perceptions of the extent of implementation and achieving the organization's current expectations through the internal atmosphere of the organization of the culture, structure and processes working to facilitate the achievement of the desired behavior. Alomian (2010) defines organizational climate as a description of the internal work environment with all its dimensions and physical and social elements. Accordingly, it includes the nature of power, leadership styles, communication, and also social environment represented with the culture, values and behavioral norms. Organizational climate includes organizational features which impact the motivation and behavior of those who are working in that environment (Chen and Hung, 2007).

Through previous definitions, we can say that organizational climate can be defined as a set of characteristics that distinguish and describe one organization from another, through a combination of factors (internal and external) affecting the behavior of employees negatively or positively. Therefore, organizational climate is not in isolation from the surrounding environment of the organization, as the organization derives many of its inputs from its environment, and thus, organizational climate is not bound to be influenced by environmental factors.

Creating an appropriate organizational climate is considered one of the most important factors in improving and developing the performance of the organization efficiently; it would also consolidate and strengthen the confidence and satisfaction among employees (Chiang and Birtch, 2011; DeConick, 2011). The importance of internal managerial environment, regarding the impact of the organization and its ability to perform its functions, depends on the image that the organization exist in the minds of the employees, and that one of the important aspects affecting the efficiency of the workforce within the organization is the type of prevailing organizational climates in the organization. In addition, organizational climate is a description of the work environment characteristics; therefore, the behavior of individuals must be affected by the prevailing organizational climate which can either be encouraging of creativity, or disable it. The healthy organizational climate gives the opportunity to encourage innovation and give individuals more scope at work, communication, decision-making, and provides material and moral incentives. Thus organizational climate came to be seen as a set of characteristics that distinguish the work environment of the organization and that have a reflection of improving organizational performance and enhance the competitive advantage of the organization (Krishnan and Mary, 2012; Al zoubi and Alazab, 2007).

### **Job satisfaction**

Job satisfaction is a phenomenon that transcends the borders of the organization or company, and impact individual life outside the organization (Robbins, 2002). Achieving individual job satisfaction will help identify existing problems and difficulties in the organization and determine the cause of the absence of staff. Weiss (2002) described it as 'a positive (or negative) evaluative opinion on one's job or work situation'.

Internal environment has a significant impact on all variables and different relationships within the organization, as well as members' behavior, which is reflected in their organization and its ability to perform the required tasks and achieve its goals successfully. This means that the work environment has affected the state of satisfaction of the individual and the expected level of performance, where many several studies have shown a positive relationship between organizational climate and job satisfaction. For example, Adenike (2011) conducted a study to determine the relationship between organizational climate and job satisfaction among faculty members in southwestern Nigerian private universities; the sample consisted of (725), an academic, and study results indicated a positive relationship between organizational climate and job satisfaction among academics in southwestern Nigeria. Nihat et al. (2010) conducted a study in order to evaluate the impact of organizational climate and human resource management activities on job satisfaction. The results, which were obtained through interviewing (346) employees, showed the existence of a positive effect for each of the organizational climate and human resources management activities at the level of job satisfaction for employees. The study recommended the need to address organizational climate and human resource management activities to improve and develop job satisfaction in Turkish banks. Rifai (2007) aimed to identify the patterns of

organizational climate and its impact on job satisfaction, and to know the relationship of demographic factors of faculty members in universities with each of the organizational climate and job satisfaction. The study included a sample (352) of a faculty member. The results showed a positive relationship between the positive climate and job satisfaction, and the generally indicated that there are no statistically significant differences in the organizational climate and job satisfaction due to demographic variables. The study concluded with a set of recommendations, including the importance of incentives provided for faculty members with their involvement in decision-making. Schulte et al. (2006) conducted a multi-level study of the relationship between job satisfaction and organizational climate. The goal was centered on the study of the relationship between organizational climate and job satisfaction at the individual level and at the organizational unit level. The study included (1076) employees working in 120 branches to US banks. The results showed that the organizational climate at the individual level had a significant impact on job satisfaction. The study confirmed that the perception of organizational climate at the organizational unit level was also associated with a positive relationship with job satisfaction, differently from the individual's awareness of the climate at the individual level. The study recommended attention to the essential role of the leaders of organizational units in influencing the perception of organizational climate and its relationship to trends such as job satisfaction. The study by Melhem (2006) aimed to explore the nature of the relationship between organizational climate and job satisfaction. The sample consisted of 56 employees. He confirmed a positive relationship between organizational climate as a whole with each dimension of job satisfaction for employees in Jordanian modern company communication. The study concluded the importance of taking into account flexibility, responsibility, and management style as the dimensions that have a positive relationship with job satisfaction. Alhaider (2006) discussed in his study the role of organizational climate in achieving job satisfaction for the Saudi Standards, Metrology and Quality organization on a sample of 350 employees. The results showed that there is a positive relationship between organizational climate on one hand and the satisfaction of the employees on the other hand, and organizational climate explains 38.4% of the variance in job satisfaction. The responsibility dimension came as the important dimension of organizational climate.

Through previous studies, it is clear that there is a strong positive relationship between organizational climate of the organization and job satisfaction for their employees. Previous studies supported the influence of organizational climate dimensions on the cognitive process for employees, and thus, individuals look to these dimensions based on their awareness, leading to differing levels of job satisfaction. The current study will try to verify the relationship between organizational climate dimensions and the level of job satisfaction for employees in Kuwaiti industrial companies. Accordingly, the hypothesis is:

**H.** There is a significant positive relationship between organizational climate and job satisfaction.

## **METHODS**

### **1. Sample and Procedure**

The community of the study included all employees working in industrial companies in the Subhan Industrial Area, which was estimated at 15,517. Because the random method cannot be applied in the selection, this is to be considered linked to Approach Random itself, which requires the same opportunities for the statistical community members to choose within the study sample; therefore, the study sample consisted of 320 employees working in 6 industrial companies, who expressed their desire to participate in the study.

## 2. Measures

Based on the nature of the data to be collected and the time allowed, the researchers found that the most appropriate tool to achieve the objectives of this study was a “questionnaire”, where it is difficult to obtain such data through other tools such as personal interviews, or personal observation. Accordingly, the researcher designed a questionnaire based on the literature review, and previous studies in the same field. Organizational climate was measured through the development of a questionnaire based on previous studies (Alhaider, 2006; Melhem, 2006); this questionnaire included (27) items and (9) dimensions, namely organizational structure, organization's goals, leadership, communication, work procedures, performance evaluation, reward system, support, and conflict. Job satisfaction was measured with a questionnaire adapted from Fernand and Awamleh (2006) to assess the level of job satisfaction among employees. This questionnaire has 7 items.

## RESULTS

### 1. Reliability Analysis

Table 1 below illustrates the reliability indices of the dimensions of organizational climate and job satisfaction.

Table 1. Reliability and Validity Indices of factors of Organizational climate and Job Satisfaction

Scale	Number of Items	Cronbach's Alpha	Validity
Organizational Structure	3	0.85	0.92
Organization's goals	3	0.82	0.91
Leadership	3	0.87	0.93
Communication	3	0.73	0.85
Work procedures	3	0.86	0.93
Performance evaluation	3	0.79	0.89
Reward system	3	0.86	0.93
Support	3	0.81	0.90
Conflict	3	0.71	0.84
<b>Job Satisfaction (overall)</b>	7	0.76	0.87
<b>Valid n</b>	34		

Cronbach's Alpha coefficients for the dimensions of Psychological Empowerment consisted of a range (0.71 to 0.87); for Job Satisfaction, the Cronbach's Alpha coefficient was 0.76. It is clear that the Cronbach's Alpha scale reliability values for the variables constructed in the model were in a range of 0.71 to 0.87, which was beyond the minimum acceptable level of 0.70 (George and Mallery, 2003). While the validity coefficient ranged from 0.84 to 0.93 respectively (the value of validity coefficient is the square root of the reliability coefficient).

Table 2. Descriptive Statistics among the variables

Scale	Mean	Std. Dev.
Organizational climate	2.91	0.54
Organizational Structure	3.43	0.71

Organization's goals	3.29	0.80
Leadership	2.98	0.67
Communication	2.88	0.74
Work procedures	2.58	0.57
Performance evaluation	2.29	0.71
Reward system	2.59	0.81
Support	3.10	0.64
Conflict	3.08	0.97
Job Satisfaction (overall)	3.63	0.86

The results of descriptive statistics of research variables showed that overall organizational climate reached (2.91). This indicates that respondents perceived a relatively medium level of organizational climate. Among the organizational climate dimension, organizational structure scored the highest mean (3.43). The second highest dimension of organizational climate was organization's goals, with a mean of (3.29). The mean of responses to job satisfaction were (3.63). This indicates that employees have a good job satisfaction for their company.

## 2. Correlations Tests

Table 3 provides the correlation coefficients of the variables used in the multivariate analysis. As can be seen, the correlation coefficients reported indicated that there is a strong positive correlation between (organizational climate) and explanatory variable (job satisfaction), where the value of the correlation coefficient is (.683); it is significant at the significant level of 1%. Generally, there is a positive relationship between the dependent variable (job satisfaction), and the independent variables (organizational climate), and significance at significance level 1%, 5%.

Table 3. Correlations coefficients

	Job Satisfaction
Organizational climate	.683**
Organizational Structure	.464**
Organization's goals	.457**
Leadership	.597**
Communication	.429**
Work procedures	.409**
Performance evaluation	.467**
Reward system	.504**
Support	.431**
Conflict	.239*

\*\* . Correlation is significant at the 0.01

\* . Correlation is significant at the 0.05.

## 3. Testing Hypothesis

Table 4 represents simple regression models of independent variables (organizational climate) on the dependent variable (job satisfaction).

Table 4 simple regression model

Variable	F (P-value)	R <sup>2</sup>				
				$\beta$	t	P-value
Organizational climate	108.926 (0.000)	0.467	Constant	.423	2.352	.019
			x	1.100	10.423	.000
Organizational Structure	38.053 (0.000)	0.215	Constant	1.601	4.775	.000
			X1.1	.591	6.169	.000
Organization's goals	34.846 (0.000)	0.209	Constant	1.961	6.750	.000
			X1.2	.507	5.903	.000
Leadership	104.219 (0.000)	0.357	Constant	1.169	9.272	.000
			X1.3	.803	10.209	.000
Communication	27.769 (0.000)	0.183	Constant	2.195	7.822	.000
			X1.4	.497	5.270	.000
Work procedures	24.914 (0.000)	0.167	Constant	2.028	6.184	.000
			X1.5	.620	4.991	.000
Performance evaluation	62.427 (0.000)	0.218	Constant	1.789	8.944	.000
			X1.6	.602	9.614	.000
Reward system	81.570 (0.000)	0.254	Constant	1.535	9.805	.000
			X1.7	.777	7.181	.000
Support	44.975 (0.000)	0.186	Constant	1.873	4.494	.000
			X1.8	.394	6.706	.000
Conflict	6.170 (0.014)	0.057	Constant	2.797	8.162	.000
			X1.9	.279	2.484	.014

The statistical results of the simple regression model, as shown in Table 4, indicate that coefficient of determination was calculated as (0.467), which means that organizational climate explains 46.7% of the variation that occurs in job satisfaction. At the level of organizational climate dimensions, the proportion of its interpretation of the variation that occurs in job satisfaction are as follows:

- Organizational structure explains 21.5% of the variation.
- Organization's goals explain 20.9% of the variation.
- Leadership explains 35.7% of the variation.
- Communication explains 18.3% of the variation.
- Work procedures explain 16.7% of the variation.
- Performance evaluation explains 21.8% of the variation.
- Reward system explains 25.4% of the variation.
- Support explains 18.6% of the variation.
- Conflict explains 5.7% of the variation.

Table 5 represents Stepwise regression model of independent variables (organizational climate) on the dependent variable (job satisfaction).

Table 5 stepwise regression

Variable in Model	F (P-value)	R <sup>2</sup>				
				$\beta$	t	P-value
Leadership	74.696 (0.000)	0.509	Constant	1.332	6.840	.000
			x1.3	.394	5.777	.000
Performance evaluation			x1.6	.471	5.030	.000

It is clear from the Stepwise regression model that the most important independent variables that affects job satisfaction are:

- Leadership
- Performance evaluation

The determination coefficient is (0.509), which means that the organizational climate explains 50.9% of the variation that occurs in job satisfaction. It is clear that the positive correlations coefficients and regression coefficients show a positive relationship between climate and job satisfaction. We accept the hypothesis “There is a significant positive relationship between organizational climate and job satisfaction.”

## CONCLUSIONS AND RECOMMENDATIONS

The present study examined the effect of organizational climate on job satisfaction in Kuwaiti industrial companies. Nine dimensions were used to assess organizational climate. The results indicated that the organizational climate is good and suitable in situations where all its dimensions were above average. The organizational structure was top ranked, while the performance evaluation had the last ranking. The study showed that job satisfaction has a good and appropriate level too.

The results provide support for the hypotheses of the study. The findings indicate that the chosen independent and dependent variables have significant relationships. It was found that organizational climate had a positive effect on job satisfaction where organizational climate explains 46.7% of the variation that occur in the job satisfaction. All organizational climate dimensions had a significant impact on job satisfaction. But through Stepwise regression, the most important dimension that affects job satisfaction are leadership and performance evaluation, which together explain 50.9% of the variation in job satisfaction.

Despite the agreement of these results with previous studies on the existence of a relationship between organizational climate and job satisfaction, it also differs from them in identifying organizational climate dimensions most related to job satisfaction. Where this result is consistent with Schulte et al. (2006), study results emphasized the importance of the essential role of the leaders in influencing the perception of organizational climate and its relationship to trends such as job satisfaction. Melhem (2006) also concluded the importance of taking into account the management style as dimensions that have a positive relationship with job satisfaction. Organizations should pay necessary attention to all its organizational climate, as it is an important variable contributing to the job satisfaction of employees, which will enhance their loyalty and belonging. With the advent of the importance of leadership and performance evaluation as two of the most important organizational climate to achieve job satisfaction dimensions, it is necessary for industrial companies to have leaders who are conscious and aware of various leadership skills. These companies also should evaluate the performance of their employees according to objective criteria based on competence and merit.

## LIMITATIONS AND FUTURE RESEARCH

There are a number of limitations that should be noted here. Of the most important limitations faced by the researcher is that the limited sample study rejected a number of companies participating in the search, which makes it difficult to generalize the results of the study on various industrial companies due to the small sample size. Research in the future seeking to determine a relationship between organizational climate and job satisfaction may want to



expand on the present study to include a larger sample size. Also, this research concentrates on the effects of organizational climate on job satisfaction. Future research should examine other workplace outcome variables such as performance, innovation, teamwork, and creativity. Moreover, further research of the organizational climate should be conducted with new dimensions within different communities of the latest study. Finally, comparative studies to identify the nature of the prevailing of organizational climate in several organizations like between the public and private sector organizations or between service organizations and industrial organizations should be examined.

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