

A STUDY IN TELECOMMUNICATION SECTOR IN LAHORE: INVESTIGATING THE IMPACT OF ORGANIZATION CLIMATE ON ORGANIZATIONAL EFFECTIVENESS WITH THE MEDIATING ROLE OF EMPLOYEE PERFORMANCE AND MODERATING ROLE OF JOB SATISFACTION

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Abstract

This study investigates the impact of organizational climate on organizational effectiveness, emphasizing the mediating role of employee performance and the moderating role of job satisfaction. Using a quantitative, survey-based design, data was collected from 320 managerial employees in Lahore's telecommunication sector. Statistical analysis revealed that organizational climate significantly affects organizational effectiveness, with employee performance acting as a key mediator. Moreover, job satisfaction enhances this relationship, indicating its critical moderating role. The study highlights strong correlations among organizational climate, job satisfaction, and employee performance, demonstrating that supportive environments improve employee outcomes and overall organizational success. These findings provide valuable insights for managers aiming to foster a positive climate, improve employee engagement, and drive organizational effectiveness.

Keywords:

Organizational Climate, Organizational Effectiveness, Employee Performance, Job Satisfaction, Telecommunication Sector, Workplace Environment, Employee Engagement

Introduction

In today’s dynamic and competitive organizational landscape, fostering a conducive and positive organizational climate has become vital for achieving strategic objectives and long-term success. Organizations are increasingly facing challenges due to workforce diversity, technological advancements, and shifting employee expectations (Cletus et al., 2018). These complexities necessitate an understanding of how internal factors, such as employee performance and job satisfaction, contribute to organizational effectiveness. The concept of organizational effectiveness reflects an entity’s capacity to meet its goals through clearly defined objectives, structured processes, and efficient execution (Kataria et al., 2012). However, achieving effectiveness is closely tied to employee performance and satisfaction, which are shaped by the prevailing organizational climate (Abdelal, 2019).

Organizational climate refers to the shared perceptions of employees regarding workplace policies, leadership styles, communication patterns, and interpersonal relationships (Schneider et al., 2013). A positive climate not only enhances individual and team performance but also promotes innovation, collaboration, and overall organizational well-being (Moslehpour et al., 2018). Furthermore, employee performance is influenced by factors such as motivation, work environment, and job satisfaction (Shmailan, 2016). Satisfied employees are more likely to exhibit higher levels of engagement, innovation, and commitment (Bakker et al., 2023), making job satisfaction a critical moderator in the relationship between organizational climate and organizational effectiveness.

This research aims to analyze the impact of organizational climate on organizational effectiveness, focusing on the mediating role of employee performance and the moderating role of job satisfaction. Through a quantitative survey conducted in the telecommunication sector of Lahore, the study seeks to contribute valuable insights for leaders and managers in designing supportive work environments that enhance productivity and effectiveness.

Literature Review

Organizational Climate

Organizational climate is defined as employees’ collective perception of their workplace environment, encompassing policies, practices, and interpersonal relations (Reichers & Schneider, 1990). It plays a crucial role in determining work outcomes, including job satisfaction, innovation, and performance (Kuenzi, 2008). Employees’ perception of their workplace culture and environment significantly influences their motivation and productivity (Bozer & Jones, 2018). According to Madhukar and Sharma (2017), organizational climate is shaped by how an organization treats its employees, directly impacting their sense of value and willingness to contribute innovatively.

A positive organizational climate is linked with increased cooperation, collaboration, and job satisfaction (Watkin & Hubbard, 2003). Additionally, employees who perceive fairness, trust, and support in the workplace demonstrate greater commitment and performance (Berberoglu, 2018). The National Bank of Pakistan, for instance, emphasizes a competent workforce and supportive climate to achieve operational efficiency (Memon et al., 2023). Research also highlights the significance of leadership and coworker support in fostering a favorable climate that encourages innovation and goal achievement (Saher & Ayub, 2020).

Organizational Effectiveness

Organizational effectiveness refers to an organization’s ability to achieve its strategic goals through effective resource utilization, leadership, and employee performance (Smith, 2007). The effectiveness of

an organization is often measured by its success in fulfilling business objectives, customer satisfaction, and employee engagement (Kataria et al., 2012). Organizational climate directly influences this effectiveness by shaping employee behavior and attitudes (Canli & Özdemir, 2022).

Studies have demonstrated that organizations with supportive climates exhibit higher levels of creativity and problem-solving, contributing to organizational effectiveness (Rasulzada & Dackert, 2009). Additionally, managerial commitment and fairness play pivotal roles in ensuring organizational success (Madan & Jain, 2015). The interplay between organizational climate and effectiveness is also evident in the IT and healthcare sectors, where supportive climates correlate with better service outcomes and innovation (Sharmila & Gokulakrishnan, 2013; Gershon et al., 2007).

Employee Performance

Employee performance refers to the measurable outcomes achieved by individuals in fulfilling their job responsibilities (Pradhan & Jena, 2017). It is influenced by motivation, job satisfaction, workplace environment, and coworker support (Shmailan, 2016). Highly engaged employees demonstrate higher levels of creativity, problem-solving, and efficiency (Prieto & Pérez-Santana, 2014). According to Hartnell et al. (2011), the organizational climate significantly impacts employees' innovative behaviors and performance.

A positive climate fosters teamwork, motivation, and autonomy, contributing to performance improvement (Aldoseri & Almaamari, 2020). Furthermore, studies by Obeng et al. (2020) and Sunarsih (2017) affirm that employees working in supportive environments are more likely to perform at higher levels. Rewards, recognition, and effective leadership further enhance performance outcomes (Danish & Usman, 2010).

Job Satisfaction

Job satisfaction is defined as the degree of contentment employees feel regarding their work roles, environments, and organizational support (Locke, 1990). It encompasses factors such as pay, coworker support, career development, and work-life balance (Cascio, 2002). Satisfied employees demonstrate higher levels of engagement, motivation, and commitment (Judge et al., 2017).

Organizational climate plays a vital role in influencing job satisfaction (Chapagain, 2011). A positive climate, characterized by fairness, autonomy, and support, directly elevates employee satisfaction (Rayton & Yalabik, 2014). Additionally, work-life balance, adequate compensation, and opportunities for growth are significant contributors to job satisfaction (Ngozi, 2015). Job satisfaction not only improves individual performance but also reduces turnover rates and enhances organizational effectiveness (Sadiq et al., 2020).

Theoretical Model

In this research, three theoretical models includes the Service Climate Model, the Job Demands-Resources (JD-R) Model, and the Social Exchange Theory (SET) which serve as the foundation for understanding the relationships between organizational climate, employee performance, job satisfaction, and organizational effectiveness. Each theory complements the study's objectives by explaining how organizational climate influences both employee behavior and overall effectiveness, with performance and satisfaction acting as key mediators and moderators, respectively.

1. Service Climate Model

The Service Climate Model, introduced by Schneider (1990), emphasizes that organizational climate significantly shapes employee behavior and, consequently, organizational success. According to this

model, employees perceive the climate through policies, leadership styles, and practices that influence how well they perform and engage with their tasks. When employees experience a positive climate (where they feel supported, encouraged, and rewarded), they are more likely to be committed and aligned with the organization’s goals.

In this study, the relevance of the Service Climate Model is demonstrated through the direct connection between organizational climate and organizational effectiveness, mediated by employee performance. The findings showed that organizational climate significantly influences employee performance, which in turn contributes to organizational success. This aligns perfectly with the Service Climate Model’s assertion that a supportive and service-oriented climate encourages positive employee behaviour, loyalty, and higher job satisfaction. The model also helps explain the focus of the research that telecommunication companies in Lahore can achieve strategic objectives by cultivating a climate of trust, support, and recognition.

2. Job Demands-Resources (JD-R) Model

The Job Demands-Resources (JD-R) Model (Demerouti & Bakker, 2018) is highly relevant to this study as it explains how employees’ well-being and performance are shaped by the balance between job demands and available resources. In this framework, job demands refer to the workload, responsibilities, and emotional pressures employees face, while job resources include support from supervisors, fair policies, opportunities for growth, and autonomy. A balance between demands and resources leads to employee engagement, higher performance, and job satisfaction.

This study applies the JD-R model to show how a positive organizational climate (rich in job resources like coworker support, effective communication, and professional development opportunities) can reduce job-related stress and improve employee performance. The model also explains the moderating role of job satisfaction. Employees who experience sufficient job resources are more satisfied and, therefore, perform better, leading to improved organizational effectiveness. The JD-R model reinforces the study’s results, where organizational climate positively impacts effectiveness through employee performance, particularly when job satisfaction is high.

3. Social Exchange Theory (SET)

Social Exchange Theory (Blau, 1964) is based on the principle of reciprocity in relationships. In an organizational context, this theory suggests that when employees perceive fairness, respect, and support from their employer, they reciprocate through loyalty, higher performance, and engagement. In essence, positive treatment by the organization leads to positive behaviors from employees.

This theory is crucial to understanding the study’s results. The research shows that organizational climate impacts not only performance but also job satisfaction, both of which influence organizational effectiveness. Social Exchange Theory helps explain why job satisfaction acts as a moderator. Employees who feel satisfied, due to recognition, fair treatment, and trust, reciprocate with better performance and contribute more meaningfully to the organization’s success. SET underscores the idea that fostering a positive organizational climate is not merely a managerial tactic but a relationship-building effort that ultimately benefits both parties.

Together, the Service Climate Model, JD-R Model, and Social Exchange Theory provide a comprehensive theoretical lens for the study. They help clarify how organizational climate impacts effectiveness through employee performance and job satisfaction. These theories highlight that supportive work environments lead to motivated, high-performing employees who are invested in their organization’s success.

Hypothesis Development

The study is built on six hypotheses that explore the relationships between organizational climate, employee performance, job satisfaction, and organizational effectiveness. Each hypothesis is derived from established theoretical frameworks and empirical evidence, aiming to test the interconnected roles of these variables.

H1: The organizational climate is positively linked with organizational effectiveness.

This hypothesis posits that the organizational climate has a significant positive relationship with organizational effectiveness. Organizational climate refers to the collective perceptions of employees regarding workplace policies, leadership behaviors, communication styles, and the overall environment (Schneider et al., 2013). When these perceptions are positive, employees feel valued, supported, and motivated, which in turn enhances their willingness to contribute meaningfully to organizational goals. This hypothesis is grounded in the belief that organizations with a supportive and engaging climate foster productivity, innovation, and long-term success.

Organizational effectiveness, on the other hand, is the organization's ability to achieve its strategic goals through efficient resource utilization, clear direction, and coordinated effort (Kataria et al., 2012). The climate of an organization directly influences how well these goals are achieved, as it shapes employee attitudes, commitment, and performance. A positive organizational climate ensures employees are not only aligned with the company's objectives but are also emotionally and psychologically invested in achieving them.

The theoretical underpinning of this hypothesis comes from the Service Climate Model (Schneider, 1990), which highlights that an organization's climate is critical in shaping employee behavior and service delivery, directly impacting organizational outcomes. The model asserts that a climate where employees perceive fairness, recognition, and support leads to improved engagement and performance, which collectively enhance organizational effectiveness.

Empirical evidence strongly supports this relationship. Research by Canli and Özdemir (2022) shows that organizational climate dimensions, including leadership and interaction, significantly affect creativity and problem-solving abilities, which are crucial for effectiveness. Similarly, organizations that foster trust, collaboration, and open communication are better positioned to adapt to changes and achieve sustainable success.

The findings of this study further reinforce this hypothesis. Data collected from 320 employees in the telecommunication sector of Lahore revealed a strong and significant correlation between organizational climate and organizational effectiveness ($r = 0.495$). This indicates that when organizations provide supportive, transparent, and engaging environments, employees are more productive, committed, and aligned with organizational goals. The analysis also suggests that these relationships are conditional on factors like internal culture, work-life balance, and leadership behavior, demonstrating the complexity and interdependence of organizational dynamics.

Conclusively, H1 is crucial to understanding how intangible workplace elements influence tangible outcomes. A positive organizational climate not only improves employee morale and productivity but also serves as the foundation for sustained organizational effectiveness in a competitive business environment.

H2: The Organizational Climate is Positively Linked with Job Satisfaction.

This hypothesis explores the relationship between organizational climate and job satisfaction, proposing that a positive and supportive organizational climate leads to higher levels of employee satisfaction.

Organizational climate refers to employees' collective perception of their work environment, including aspects such as leadership style, fairness, communication, recognition, teamwork, and opportunities for growth (Reichers & Schneider, 1990). Job satisfaction, on the other hand, is defined as the level of contentment employees feel with regard to their job roles, workplace environment, compensation, and overall treatment by the organization (Locke, 1990).

The connection between organizational climate and job satisfaction is grounded in the idea that the work environment directly influences how employees feel about their jobs. When the climate is characterized by open communication, fair decision-making, recognition of effort, and opportunities for advancement, employees are more likely to experience a sense of belonging and accomplishment (Bozer & Jones, 2018). This in turn boosts their satisfaction and engagement levels.

The social exchange theory (Blau, 1964) also supports this hypothesis. According to this theory, employees reciprocate positive treatment from the organization with higher commitment and satisfaction. If employees perceive that they are valued and supported, they develop stronger emotional ties with their work and the organization, resulting in increased job satisfaction. Conversely, a negative organizational climate, marked by poor communication, lack of recognition, and unfair practices, leads to dissatisfaction, disengagement, and higher turnover intentions.

Empirical studies have consistently demonstrated the positive relationship between organizational climate and job satisfaction. Rayton and Yalabik (2014) found that employees working in environments with strong leadership, transparent communication, and fair reward systems report higher levels of job satisfaction. Additionally, Berberoglu (2018) observed that supportive climates not only enhance satisfaction but also contribute to greater employee commitment and reduced stress levels.

The findings from this study further validate H2. The data analysis revealed a strong positive correlation ($r = 0.599$) between organizational climate and job satisfaction, indicating that improvements in organizational climate significantly elevate employees' satisfaction levels. This result aligns with existing literature and theoretical models, emphasizing the importance of cultivating a healthy work environment.

In conclusion, H2 highlights that an organization's climate is a key driver of employee job satisfaction. By fostering fairness, trust, and supportive leadership, organizations can create a positive environment that leads to satisfied, engaged, and loyal employees which ultimately benefit organizational effectiveness.

H3: There is an association between employee performance and job satisfaction.

Hypothesis 3 focuses on exploring the direct relationship between employee performance and job satisfaction, suggesting that employees who are satisfied with their job roles, work environment, and organizational support tend to exhibit higher levels of performance. Job satisfaction encompasses factors such as recognition, fair compensation, opportunities for career advancement, supportive leadership, and a balanced work-life environment (Locke, 1990). When these factors are present, employees are more likely to be motivated, committed, and productive, contributing positively to the organization's goals.

The relationship between job satisfaction and employee performance is well-grounded in psychological and organizational theories. Herzberg's Two-Factor Theory (Herzberg, 1966) explains that motivational factors, including achievement, recognition, and personal growth, enhance job satisfaction, which subsequently leads to improved employee performance. Employees who feel appreciated and recognized for their contributions are more inclined to put in extra effort, demonstrate creativity, and actively engage in their tasks.

Empirical evidence supports this hypothesis. According to Bakker et al. (2023), satisfied employees are more likely to deliver superior job performance and contribute to innovative outcomes. In contrast, dissatisfaction often results in low morale, disengagement, and subpar performance. Research by Prieto and Pérez-Santana (2014) further highlights that satisfied employees not only meet their formal job requirements but are also more likely to demonstrate discretionary efforts, such as helping colleagues and contributing to organizational initiatives.

Additionally, job satisfaction reduces work-related stress and burnout, both of which negatively impact performance. In organizations with high levels of job satisfaction, employees tend to experience better mental health, focus, and resilience, which enhances their efficiency and accuracy in completing tasks (Supriyati et al., 2019).

In the context of this study, conducted in the telecommunication sector of Lahore, the relationship between employee performance and job satisfaction is crucial. Employees in demanding industries, such as telecommunications, are exposed to performance pressures, constant innovation demands, and customer service challenges. A supportive organizational climate that fosters satisfaction through recognition, clear communication, and career growth is essential to maintaining high performance.

The statistical results of the study further confirm this hypothesis, with a significant positive correlation ($r = 0.405$) found between job satisfaction and employee performance. This confirms that job satisfaction is not merely an outcome but also a driver of sustained employee performance and organizational success. Therefore, understanding and investing in job satisfaction is pivotal for organizations aiming to optimize employee output and competitiveness.

H4: Organizational effectiveness has an impact on employee performance.

H4 examines the influence of organizational effectiveness on employee performance. While organizational effectiveness is often viewed as an outcome of employee performance, this hypothesis highlights a reciprocal relationship where an effective organization creates an environment that directly enhances the individual performance of its employees.

Organizational effectiveness refers to an organization's ability to achieve its goals through clear strategies, efficient processes, and the optimal use of resources (Kataria et al., 2012). When an organization is effective, it provides well-defined objectives, robust leadership, structured workflows, and efficient communication. These characteristics contribute to a stable and supportive workplace environment that allows employees to focus on their tasks with clarity and motivation. Employees in such environments are more likely to experience reduced uncertainty, higher engagement, and a sense of purpose — all of which positively impact their performance.

The relationship between organizational effectiveness and employee performance is supported by the work of Smith (2007), who noted that organizations that demonstrate strategic clarity and operational efficiency create conditions in which employees can thrive. Effective organizations are also characterized by supportive leadership, fair policies, and employee involvement in decision-making, all of which improve performance outcomes.

Moreover, effective organizations often have better feedback mechanisms, continuous learning opportunities, and systems that reward performance. These elements not only enhance individual productivity but also encourage innovation and creativity. Employees who work in an environment that is well-structured and purpose-driven are more likely to exhibit proactive behavior, take ownership of their responsibilities, and consistently meet or exceed performance standards (Macey & Schneider, 2008).

The impact of organizational effectiveness on employee performance can also be explained through the lens of Herzberg's two-factor theory, which suggests that factors such as achievement, recognition, and organizational policies (all part of an effective organization) serve as motivators for improved performance. Similarly, the JD-R Model (Demerouti & Bakker, 2018) supports the idea that organizational resources, when structured effectively, reduce job stress and enable employees to perform better.

This hypothesis is particularly relevant in the context of industries such as telecommunications, where employees' performance is highly dependent on organizational support, clear processes, and strategic guidance. An ineffective organization can lead to confusion, lack of direction, and employee disengagement, ultimately affecting performance. Therefore, organizational effectiveness not only drives the overall success of a business but also serves as a foundation for consistently high employee performance.

H5: The organizational climate can positively impact employees' performance.

H5 centers on the direct relationship between organizational climate and employee performance, proposing that a favorable and supportive work environment leads to improved employee outcomes. Organizational climate refers to the shared perceptions of policies, practices, leadership styles, and workplace interactions that shape how employees feel and behave at work (Schneider et al., 2013). When this climate is positive, it fosters trust, motivation, open communication, and a sense of belonging among employees.

The rationale behind this hypothesis is rooted in multiple organizational behavior theories, most notably the Job Demands-Resources (JD-R) Model and the Service Climate Model. According to the JD-R Model (Demerouti & Bakker, 2018), job resources such as supervisor support, autonomy, and recognition reduce job strain and enhance employee engagement, which translates into better performance. Similarly, the Service Climate Model (Schneider, 1990) emphasizes that employees' behavior and performance are directly influenced by the work climate they experience.

When employees perceive their work environment to be positive, they are more inclined to perform their duties effectively, show initiative, and engage in innovative activities (Prieto & Pérez-Santana, 2014). Conversely, an unsupportive climate characterized by poor leadership, unclear communication, and lack of recognition can demotivate employees, leading to lower productivity and disengagement (Bozer & Jones, 2018).

Empirical studies across various industries reinforce this hypothesis. For example, research in the healthcare sector by Shanker et al. (2017a) found that a positive climate enhances both individual and team performance by promoting collaboration and reducing stress. Similarly, Atta et al. (2019) observed that in government hospitals, organizational climate significantly influenced healthcare workers' performance, indicating that supportive policies and leadership are key drivers of efficiency. In the banking industry, Koys (2001) demonstrated that climate factors such as fairness, communication, and support are crucial predictors of employee productivity.

In the context of this study, data collected from 320 employees in Lahore's telecommunication sector supports H5. Statistical analysis revealed a strong and significant correlation between organizational climate and employee performance. Managers who foster a supportive environment (offering clear communication, fair rewards, and professional development opportunities) see employees perform more efficiently and contribute proactively toward organizational goals.

In conclusion, H5 highlights that the organizational climate is not merely a background factor but a dynamic force that actively shapes employee performance. Organizations that invest in building positive climates can expect higher productivity, innovation, and sustained organizational success.

H6: The organizational climate can positively influence job satisfaction.

H6 posits that a positive organizational climate significantly influences and enhances job satisfaction among employees. Organizational climate refers to the collective perceptions of employees regarding workplace policies, leadership behavior, interpersonal relationships, and overall organizational support (Schneider et al., 2013). It shapes how employees view their organization and directly impacts their level of motivation, engagement, and satisfaction.

Job satisfaction, according to Locke (1990), is defined as the pleasurable emotional state resulting from the appraisal of one's job experiences. It involves multiple dimensions, including work conditions, recognition, reward systems, communication quality, and relationships with colleagues and supervisors (Cascio, 2002). When employees perceive these elements positively, their satisfaction levels tend to rise.

The connection between organizational climate and job satisfaction is well-established in existing literature. A positive climate fosters transparency, fairness, trust, and a sense of belonging which are all key drivers of job satisfaction (Rayton & Yalabik, 2014). Conversely, a toxic or unsupportive climate can lead to dissatisfaction, disengagement, and increased turnover.

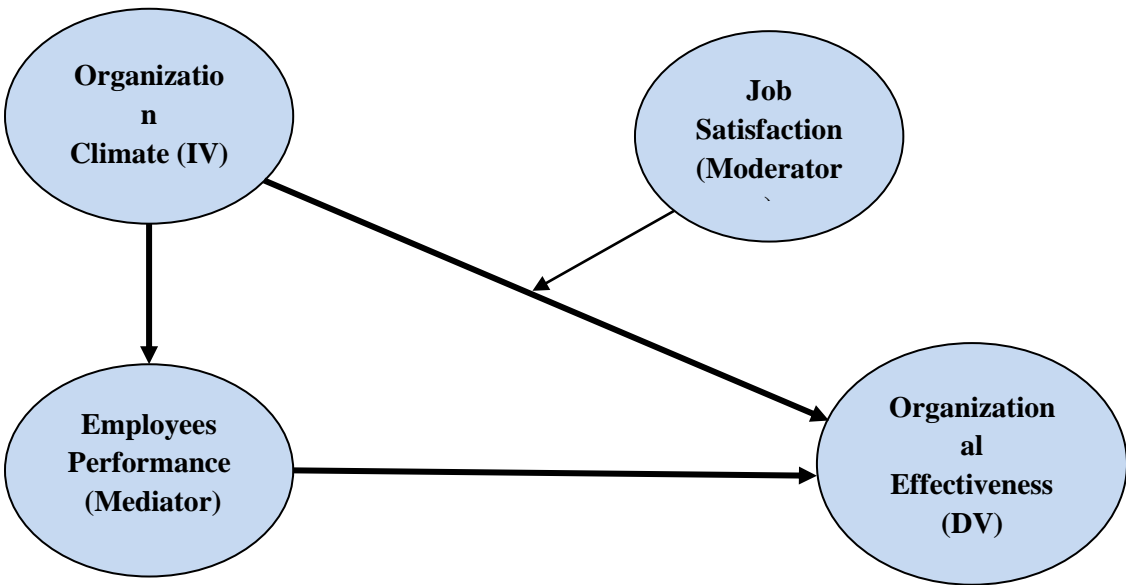
In this study, H6 is tested in the context of managerial and team leader-level employees in Lahore's telecommunication sector. The findings confirmed that a favorable organizational climate directly enhances job satisfaction. The study's correlation analysis indicated a strong positive relationship ($r = 0.599$), suggesting that when employees experience a healthy work environment with clear communication, fairness, recognition, and support, their job satisfaction significantly increases.

The role of leadership and coworker support is also critical. Employees who feel that their ideas are heard, who receive constructive feedback, and who are encouraged to grow within the organization, are more likely to report higher satisfaction levels (Berberoglu, 2018). Additionally, work-life balance policies, autonomy in decision-making, and equitable reward systems further strengthen this relationship (SÖYLER, 2018).

The implications of Hypothesis 6 are essential for organizational leaders. It highlights that job satisfaction is not an isolated outcome but a direct result of how employees perceive their workplace environment. Leaders and HR professionals must, therefore, focus on cultivating a climate of trust, fairness, and growth opportunities. Doing so will not only increase job satisfaction but also enhance retention, engagement, and performance.

Conclusively, H6 emphasizes that a positive organizational climate is a foundational driver of employee job satisfaction. Organizations that invest in nurturing such climates can expect more committed, motivated, and productive employees, contributing to sustained organizational effectiveness and competitive advantage.

Research Model



Methods

The study employed a quantitative research approach based on the positivism philosophy, which emphasizes objective analysis through statistical methods to examine relationships between variables (Saunders et al., 2009). The research design was cross-sectional, focusing on collecting data at a single point in time to explore the impact of organizational climate on organizational effectiveness, with employee performance as a mediator and job satisfaction as a moderator.

A survey-based method was used as the primary data collection tool, utilizing structured questionnaires to ensure reliability and consistency. The questionnaires were distributed through Google Forms, LinkedIn, and personal emails targeting managerial and team leader-level employees from both the public and private telecommunication sectors in Lahore, Pakistan. This method ensured a broad and diverse participant base.

A simple random sampling technique was employed to select respondents, ensuring that each participant had an equal chance of selection, thus eliminating selection bias. Following the recommendations of Hinkin (1995), a 1:5 item-to-response ratio was used, determining a minimum sample size of 290 based on 58 items. In total, 400 questionnaires were distributed, and 320 responses were collected over seven weeks. After excluding 27 incomplete responses, 320 valid responses were analyzed.

Measure

We collected responses on a five-point Likert scale ranging from “1- strongly disagree to 5-strongly agree.”

This study employed four well-established scales to measure the key variables: organizational climate, employee performance, organizational effectiveness, and job satisfaction. Each measure was selected based on its strong psychometric properties and relevance to the study’s objectives.

1. Organizational Climate Scale

The organizational climate was measured using the CLIOR scale, developed by Elsa Peña-Suárez et al. This scale consists of 25 items focusing on employees’ perceptions of leadership, interpersonal relationships, support from supervisors, communication practices, and fairness within the organization.

Example items include statements such as “The relationships with my bosses are good”, highlighting workplace atmosphere and interpersonal dynamics.

2. Employee Performance Scale

Employee performance was measured using the scale developed by Rabindra Kumar Pradhan and Lalatendu Kesari Jena (2017). This scale includes 6 items, measuring self-perceived performance relative to peers, task efficiency, and extra-role behavior. A representative item is: “My performance is better than my colleagues with similar qualifications.”

3. Organizational Effectiveness Scale

Organizational effectiveness was measured using an 11-item scale adapted from the study by Pettaway et al. (2015). This scale captures the organization’s ability to achieve strategic goals through effective policies, clear communication, and operational success. The items measure perceptions of organizational goal achievement, structural efficiency, and adaptability.

4. Job Satisfaction Scale

Job satisfaction was measured using the scale developed by Abdullah ÇALIŞKAN and Özlem KÖROĞLU (2024). This scale contains 16 items, covering satisfaction with pay, work environment, supervision, career growth, and work-life balance.

All scales demonstrated high reliability, with Cronbach’s alpha values exceeding 0.7, ensuring consistency and validity in measuring the study constructs.

Results

The data analysis for this study was conducted using SPSS Version 25, applying descriptive statistics, correlation analysis, and regression analysis to test the hypotheses.

1. Reliability Analysis:

All measurement scales demonstrated strong reliability with Cronbach’s alpha values exceeding the acceptable threshold of 0.7. The values were as follows:

Table 1.1

Reliability Analysis

| Scale | Number of Items | Cronbach’s Alpha |
|------------------------------|-----------------|------------------|
| Organizational Effectiveness | 11 | 0.723 |
| Organizational Climate | 25 | 0.879 |
| Employee Performance | 6 | 0.779 |
| Job Satisfaction | 16 | 0.808 |

The reliability analysis was conducted to measure the internal consistency of the scales used. Cronbach’s Alpha values above 0.7 indicate good reliability (Nunnally & Bernstein, 1994). All four scales used in this study — organizational effectiveness, organizational climate, employee performance, and job satisfaction — demonstrated acceptable to excellent reliability. The highest reliability was found in the Organizational Climate scale (0.879), indicating very consistent responses from participants regarding workplace perceptions.

2. Correlation Analysis:

The results indicated significant positive relationships among all key variables:

Table 1.2
Correlation Analysis

| | Organizational Effectiveness | Organizational Climate | Job Satisfaction | Employee Performance |
|------------------------------|------------------------------|------------------------|------------------|----------------------|
| Organizational Effectiveness | 1.000** | | | |
| Organizational Climate | .495 | 1.000** | | |
| Job Satisfaction | .599* | .596* | 1.000** | |
| Employee Performance | .419 | .395 | .405 | 1.000** |

Explanation:

The correlation analysis shows positive and significant relationships between all the study variables.

- Organizational Climate has a strong positive correlation with Job Satisfaction ($r = 0.599$) and moderate correlations with Employee Performance ($r = 0.395$) and Organizational Effectiveness ($r = 0.495$).
- Employee Performance is also positively correlated with Organizational Effectiveness ($r = 0.518$) and Job Satisfaction ($r = 0.405$).
- These findings support the study’s hypotheses, indicating that a positive organizational climate enhances job satisfaction and employee performance, both of which significantly contribute to overall organizational effectiveness.

3. Regression Analysis:

Sequential regression analysis confirmed that:

- Organizational Climate and Employee Performance are strong predictors of Organizational Effectiveness, showing significant positive effects.
- Job Satisfaction moderated the relationships between organizational climate, employee performance, and organizational effectiveness, strengthening these connections.
- The interaction terms highlighted that these relationships are conditional on organizational factors like fairness, work-life balance, and internal company culture.

Discussion

The primary aim of this study was to explore the impact of organizational climate on organizational effectiveness, with a particular focus on the mediating role of employee performance and the moderating role of job satisfaction. The research was conducted using quantitative methods, targeting managerial and team leader employees in Lahore’s telecommunication sector. The statistical analyses revealed significant relationships among organizational climate, employee performance, job satisfaction, and organizational effectiveness. This discussion section elaborates on these findings in light of prior research, offering theoretical insights and practical implications.

Organizational Climate and Organizational Effectiveness

The results showed a significant positive relationship between organizational climate and organizational effectiveness ($r = 0.495$), confirming the first hypothesis (H1). This aligns with the findings of Schneider et al. (2013), who argue that employees’ perceptions of their work environment (including fairness, leadership, communication, and trust) directly affect organizational outcomes. A supportive climate fosters collaboration, motivation, and commitment, enabling employees to perform at their best and align with organizational goals.

Furthermore, Madhukar and Sharma (2017) highlight that a healthy organizational climate enhances innovation, cooperation, and overall effectiveness. Organizations that invest in fostering a climate of transparency and respect can expect higher operational efficiency and success. The present study’s findings reinforce that telecommunication companies aiming for long-term competitiveness must prioritize creating and maintaining a positive climate.

Organizational Climate and Job Satisfaction

The analysis found a strong positive correlation between organizational climate and job satisfaction ($r = 0.599$), validating the second hypothesis (H2). This finding supports the work of Rayton and Yalabik (2014), who emphasize that supportive work environments contribute significantly to job satisfaction. Employees who feel respected, valued, and supported are more likely to report higher satisfaction levels.

The social exchange theory (Blau, 1964) further explains this relationship by suggesting that employees reciprocate positive treatment with loyalty and commitment. The current study aligns with these theoretical principles, indicating that when organizations cultivate a climate that prioritizes fairness, autonomy, and open communication, employees’ satisfaction levels rise. This also underscores the importance of trust-building practices and clear communication between management and employees.

Employee Performance and Job Satisfaction

The results demonstrated a positive and significant relationship between employee performance and job satisfaction ($r = 0.405$), confirming the third hypothesis (H3). This finding supports Herzberg’s two-factor theory (1966), which asserts that job satisfaction is a key driver of employee motivation and performance. When employees feel content with their roles, environment, and organizational support, they tend to perform better and exhibit discretionary behaviors such as organizational citizenship.

Haryono et al. (2019) also found that satisfied employees are more open to innovation and proactive problem-solving. The present study reinforces this idea, suggesting that telecommunication companies can enhance employee performance by investing in initiatives that increase job satisfaction including recognition programs, career development opportunities, and transparent communication policies.

Organizational Effectiveness and Employee Performance

The findings showed that employee performance has a significant positive impact on organizational effectiveness, supporting hypothesis (H4). This result aligns with the research of Kataria et al. (2012), who state that effective performance by employees directly contributes to achieving organizational goals. Employees who perform well not only fulfill their responsibilities but also enhance team performance and organizational reputation.

Moreover, Prieto and Pérez-Santana (2014) emphasize that organizations with highly engaged employees report better business outcomes. The current study adds evidence from the telecommunication industry in Lahore, demonstrating that employee performance is a critical driver of organizational effectiveness in this sector as well.

Organizational Climate and Employee Performance

H5 proposed that organizational climate positively impacts employee performance, and this was confirmed with a correlation coefficient of ($r = 0.395$). This relationship is supported by previous studies (Sharmila & Gokulakrishnan, 2013; Radha & Aithal, 2023), which show that a positive organizational climate, characterized by trust, autonomy, and recognition, enables employees to perform at higher levels.

When employees feel that their contributions are valued and their efforts recognized, they become more motivated and engaged. Additionally, supportive climates promote innovation and creativity, allowing employees to take initiative without fear of criticism. The present study confirms these findings, indicating that telecommunication companies should focus on leadership development, team-building, and transparent communication to maintain a high-performance workforce.

Organizational Climate and Job Satisfaction (Moderating Role)

The moderating role of job satisfaction was also examined in the study, and the results confirmed that job satisfaction strengthens the relationship between organizational climate, employee performance, and organizational effectiveness. The interaction term between employee performance and job satisfaction was statistically significant, indicating that employees with higher job satisfaction derive greater performance benefits from a supportive organizational climate.

This finding is consistent with the JD-R (Job Demands-Resources) model (Demerouti & Bakker, 2018), which posits that job resources like supportive environments and autonomy boost performance and well-being. Employees with high job satisfaction are more resilient, adaptable, and productive in challenging work environments. The study's results demonstrate that telecommunication companies can maximize organizational effectiveness by simultaneously improving organizational climate and fostering job satisfaction.

Theoretical Contributions

The study contributes to the literature by empirically testing the Service Climate Model, JD-R Model, and Social Exchange Theory in the context of Pakistan's telecommunication industry. It confirms that organizational climate is not just a theoretical construct but a practical determinant of employee performance and organizational success. The use of well-validated scales and robust statistical methods adds to the reliability of these findings.

Conclusion

This study set out to examine the impact of organizational climate on organizational effectiveness, with a specific focus on the mediating role of employee performance and the moderating role of job satisfaction. The findings have provided robust evidence that organizational climate is a crucial determinant of not

only employee satisfaction and performance but also the overall effectiveness and success of an organization.

In an increasingly competitive and dynamic business environment, organizations must ensure that they cultivate and maintain a positive climate where employees feel valued, supported, and motivated. This study, conducted in the telecommunication sector in Lahore, Pakistan, has reinforced the understanding that organizational climate significantly influences organizational outcomes. Employees' perceptions of leadership, fairness, support systems, communication practices, and workplace relationships directly impact their motivation, satisfaction, and productivity.

The statistical results demonstrated that organizational climate is positively and significantly correlated with job satisfaction and employee performance. The strength of the relationship between organizational climate and job satisfaction ($r = 0.599$) underscores the importance of a healthy work environment in fostering employee contentment. Furthermore, the relationship between organizational climate and employee performance ($r = 0.395$) and between employee performance and organizational effectiveness ($r = 0.518$) illustrates how a supportive environment translates into enhanced performance and, ultimately, better organizational outcomes.

One of the most significant contributions of this study is the confirmation of job satisfaction as a moderating factor. The interaction effects indicate that when employees are satisfied with their jobs, the positive effects of organizational climate on both performance and organizational effectiveness are amplified. This finding aligns with the Job Demands-Resources model and Social Exchange Theory, emphasizing that satisfied employees are more willing to reciprocate with loyalty, higher productivity, and innovation.

From a theoretical perspective, this study validates the applicability of the Service Climate Model, the JD-R model, and Social Exchange Theory within the context of Pakistan's telecommunications industry. It expands the body of knowledge by providing empirical evidence that these theoretical models remain highly relevant in explaining the dynamics between workplace environment, employee behavior, and organizational success.

On a practical level, this study emphasizes the critical role of leadership and organizational policies in shaping workplace climate. Leaders who prioritize fairness, clear communication, autonomy, and employee development can cultivate a climate that promotes not only job satisfaction but also exceptional performance. Human resource strategies should focus on continuous employee engagement initiatives, fair reward systems, professional development programs, and mechanisms for regular feedback and recognition.

Moreover, organizations should view job satisfaction not merely as an outcome but as a strategic tool that can enhance performance and drive organizational effectiveness. Satisfied employees are more likely to engage in discretionary efforts, support innovation, and contribute positively to organizational goals.

In conclusion, the findings from this study highlight the interconnected roles of organizational climate, employee performance, and job satisfaction in determining organizational effectiveness. Organizations that seek sustained success must invest in creating positive workplace environments that nurture employee well-being and performance. By doing so, they can achieve higher levels of productivity, employee loyalty, and long-term competitive advantage.

Future research can build on this work by examining these relationships in other industries and geographic regions. Additionally, longitudinal studies could provide deeper insights into how organizational climate evolves over time and its long-term effects on organizational performance and employee well-being.

Nonetheless, this study offers valuable theoretical and practical guidance for organizational leaders committed to driving performance through positive workplace environments.

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Declaration of Ownership

This report is our original work.

Conflict of Interest

None.

Ethical Clearance

This study was approved by Institute of Management Sciences (Pak-AIMS), Lahore.

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