## THE RELATIONSHIP BETWEEN ORGANIZATIONAL CLIMATE AND JOB SATISFACTION: THE CASE OF A GOVERNMENT AGENCY IN MALAYSIA

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## ABSTRACT

This paper seeks to investigate the relationship between organizational climate and job satisfaction among government agency officers. A cross sectional survey was conducted on the employees of a government agency. A convenient sampling method was assumed because the researchers have no control on the number and how the questionnaires were distributed. Principal component factor analysis conducted on organizational climate items indicated that for this sample, this variable consists of four dimensions which are reward orientation, responsibility, structure, and participation. The result of regression analysis shows that these four dimensions of organizational climate are significant predictors of job satisfaction.

Key words: Organizational climate, reward orientation, responsibility, structure, participation, job satisfaction

## 1.0 INTRODUCTION

The environment has been recognized as a source of influence on individual behaviors and attitudes, and as such attempts have been made to explore these relationships (e.g.; Daly, 2002; Schnake, 1986). Organizational climate has generally been defined as an individual's perception of his work environment, and individual perceptions is often argued as to affect individual behavior (Ajzen & Fishbein, 1980). In addition to that, it is rather common for us to think that happy workers are usually productive workers. Based on these arguments, it can be assumed that when employees are happy with their work environment, they become more productive. This premise is strengthened with the evidence from several studies that suggests that a worker's satisfaction does influence his job behavior (e.g. Wright, Cropanzano, & Bonett, 2007). Furthermore, dissatisfied workers are more likely to quit and look for other jobs (e.g. Veloutsou & Panigyrakis, 2004).

General findings in relation to organizational climate have shown that indeed it is an important predictor of job satisfaction (Schnake, 1986). However, most studies focused on the business context of organizational climate and job satisfaction and few have looked at the public sectors which have a different environment and climate. The organizational climate in public government agencies is not similar to the climate in private organizations. According to Wamsely (1990) and Zeppou and Sotirakou (2003), there are a number of distinct differences between public and private sector organizations as both sectors operate in a different distinctive environments. Robinson (2003) indicated that the public sector organizations operate in an environment characterized by resource constraint, market competition and growing customer expectations. While the private sector focuses on economic efficiency and generally viewed that profit and cost reduction are vital for the companies' growth and survival (Cooper, 2004; Ranson and Stewart, 1994). In short, there are significant differences between private and public organizations

Furthermore, the organizational climate in most Malaysian organizations is not the same as those in the Western countries, where most of the studies in this area were conducted. For example, Hofstede's (1980) study on variations among cultures found that power distance is higher in Malaysia compared to other countries (rank 1). This means that the employees in the Malaysian society accept that power in institutions and organizations is distributed unequally, and this contributes to the formal climate and segregated relationships between different levels of employees within Malaysian organizations.

In another study, Nasurdin, Ramayah and Yeoh (2006) showed that the structure of stock broking companies in Malaysia is found to be highly formalized. Besides that, these researchers also found that these companies are characterized by inadequate rewards and planning, and inadequate support, with high level of control, structure and standards. In general, the same climate can also be said to permeate the Malaysian government agencies. Thus, it is pragmatic to determine the relationships regarding organizational climate and job satisfaction in a different context, that is, the public sector environment.

In addition to that, the public officials, being servants of the public are also expected to serve the society with the highest degree of responsibility, integrity, and loyalty and remain accountable to the society for their behavior, actions and performance (Siddiquee, 2006). Despite this, the services provided by government agencies have always be under attack by the public due to incompetencies, red tapes and low levels of productivity. The study by Sharifah Latifah, Mokhtar and Arawati (2000) indicated that the public agrees that the services provided by the public sector in Malaysia need to be improved. In fact, the disparity in service performance between the public service entitites to be more customer oriented (Arawati, Barker, & Kandampully, 2007). Hence, it is a wonder if the job satisfaction level among the public agencies employees are that low that it somehow affects the services that they provide. This is because there are studies that show such relationship (Donovan, Brown, & Mowen, 2004). There is also a need to find out whether the organizational climate within this type of organizations is the culprit that is affecting employees' workplace attitude, mainly job satisfaction.

Hence, the questions that this study addressed are:

- 1. What is the government agencies employees' job satisfaction level?
- 2. What is the relationship between the organizational climate in the government agencies and their employees' job satisfaction?

Therefore, the main purpose of this paper is to determine if organizational climate influence job satisfaction in a selected government agency.

## 2.0 LITERATURE REVIEW

## **2.1 Organizational Climate**

One of early literatures on organizational climate defined this term as a form of measurable properties of the work environment, perceived directly or indirectly by the workforce (Litwin & Stringer, 1968). Since then, diverse definitions and conceptualizations of organizational climate has been presented by different researchers. One definition offered by Churchill, Ford and Walker (1976) is that organizational climate represents the workers' perceptions of his or her objective work situation, including the characteristics of the organization he or she works for and the nature of his or her relationship with other people while doing his or her job. Similarly, Schneider (2000) described it as an experientially based description of the work environment, and more specifically, employees' perceptions of the formal and informal policies, practices and procedures in the organization. In short, organizational climate emerges from the idiosyncratic interpretations of the situation (Schulte, Ostroff & Kinicki, 2006). Only when individuals agreed on their perceptions of the work environment can these individuals agree on their perceptions be meaningfully aggregated to represent unit or organizational level climate (James, 1982; Klein et al., 2000).

Previous studies have also indicated organizational climate is a multidimensional construct. In 1968, Litwin and Stringer proposed that the dimensions of organizational climate include structure, responsibility, reward, risk, warmth, support, standards, conflict and identity. On the contrary, Sims and LaFollette's (1975) study indicated a slightly different dimension labels, which are general affect tone toward other people in the organization, general affect tone toward management and/or the organization, policy and promotion clarity, job pressure and standards, openness of upward communication, and risk in decision making. A Malaysian based study by Nasurdin, Ramayah and Yeoh (2006) indicated that this construct is comprised of five dimensions which were named inadequacy of rewards and planning, standards, structure, inadequacy of support, and control. Nonetheless, for the purpose of this study, the findings of Schnake (1983) were used as a basis. According to Schnake (1983), the dimensions of organizational climate include participation and reward orientation, structure, warmth and support, standards, and responsibility. In general, organizational climate has been shown to be an important predictor of many employee attitudinal and behavioral outcomes.

In fact, researches in this area have suggested that climate perceptions are associated with a variety of important outcomes such as turnover intentions (Rousseau, 1988; Rentsch, 1990), job satisfaction (Mathieu, Hoffman, & Farr, 1993; James and Tetrick, 1986) and organizational performance (Patterson, Warr, & West, 2004). However, as mentioned before, organizational climate varies with the type of organization and the environment that affects the organization (e.g. Wamsley, 1990; Zeppou & Sotirakou, 2003), and as reported by Cooper (2004), and Ranson and Stewart (1994) the public sector organizations operate in an environment that is different from private organizations. As such, there is a possibility that the outcome could be different.

However, the study that focuses on government agencies organizational climate is very limited. One study, reported by Daly (2002), indicated a strong relationship between positive organizational climate and successful process reengineering. In this study, the elements of organizational climate include job satisfaction, job stability, management support, decision making integrity, leadership continuity, leadership cohesiveness, and policy consistency. Unfortunately, Daly (2002) did not indicate which element of organizational climate is most important in producing positive employee outcome. Another study was reported by Gould-Williams (2007), and this study was conducted among UK local government workers. However in this study, organizational climate in detail. A study in government employment agency in Sweden found that organizational climate is related to workplace efficiency (Hunt & Ivergard, 2007), but this study did not provide enough empirical evidence regarding this matter. In short, these studies and a few other studies that looked at the organizational climate in government agencies did not provide enough empirical evidence on the relationship between organizational climate in government agencies did not provide enough empirical evidence on the relationship between organizational climate in government agencies did not provide enough empirical evidence on the relationship between organizational climate in government agencies did not provide enough empirical evidence on the relationship between organizational climate in government agencies did not provide enough empirical evidence on the relationship between organizational climate in government agencies.

Nonetheless, studies in general have shown that there are certain elements of organizational climate which are related to positive employees' outcomes. Some of these elements are rewards (De Clercq & Rius, 2007; Gould-Williams, 2007; Payne & Mansfield, 1978), trust (Hunt & Ivergard, 2007; Friedlander & Margulies, 1969), intimacy (Friedlander & Margulies, 1969), low burdensome duties (Friedlander & Margulies, 1969), standards (Muchinsky, 1977), responsibility (Muchinsky, 1977), organizational structure and procedures (Churchill, et al., 1976; Muchinsky, 1977), affective tone towards management (Muchinsky, 1977), and psychological safety (De Clercq & Rius, 2007). In short, positive organizational climate could lead to positive employees' outcomes.

## 2.2 Job satisfaction

Job satisfaction is one aspect of employee outcomes that has been extensively researched, and will still be a popular topic for future studies. This is due to the fact that job satisfaction is often associated with high employee performance (e.g. Wright, Cropanzano, & Bonett, 2007), and there are many antecedents to job satisfaction still unexplored. While the objective of identifying causes of job satisfaction has been a common aim of many researchers, some question the value of job satisfaction research. Lawler (1975), for example, questioned the objective of having more satisfied employees, arguing that dissatisfaction could also bring constructive effects such as creativity. However, this negative view has not received much support, except by Crow and Hartman (1995). This argument is strengthen with the findings by Warr (1979, 1992) which suggested that reducing dissatisfaction is even more important than increasing job satisfaction. Regardless the arguments, for the most part, job satisfaction had been related to job or organizational consequences such as productivity and absenteeism, while Warr (1979) reported the positive relationship between job satisfaction and employees' mental health. As a consequence, there has been a lot of interest in the factors that could lead to higher job satisfaction among employees.

Satisfaction, according to several schools of thought, depends variously on the individual's expectations, needs (physical and psychological) and values. Nonetheless, a popular definition of job satisfaction is that it is an individual's attitude toward his or her job. Along the same line, Lawler (1973) defined job satisfaction as "a person's affective reaction to his total work role". Another definition by Kallerberg (1977) pointed that "job satisfaction refers to an overall affective orientation on the part of individuals toward work roles which they are presently occupying". Conclusively, most researchers agree that job satisfaction is a job related attitude and it describes how an individual feels about his or her job. Antecedents of job satisfaction are many. These factors can be categorized into organizational factors and individual factors. As revealed by previous literatures, some of the organizational factors that affect individual job satisfaction include organizational culture (Lee & Chang, 2008; Singh & Singh, 2009), job characteristics (Galup, Klein, & Jiang, 2008), and job security (Noble, 2008).

Some the individual factors are the level of job stress (Singh & Singh, 2009), job experience (Kumar & Giri, 2009), and employee work orientation (Donovan, Brown, & Mowen, 2004). However, in the current study, the variable of interest is an organizational factor, specifically organizational climate.

## 2.3 Organizational Climate and Job Satisfaction

Indeed, many previous studies reported that organizational climate is important in enhancing employees' job satisfaction. For example, the study by Churchill *et al.* (1976) found that salesmen tend to be dissatisfied with aspects of their job which are under the direct control of management, which is one of the elements of organizational climate. In contrast, they are relatively satisfied with the general nature of their sales job, their fellow workers and their customers. Hence, the study supports the argument that organizational climate is an important determinant of sales force satisfaction. Furthermore, it was also reported that, the employees are happier when management provides them with relatively high levels of structure, directions, and support in carrying out their jobs (Churchill, et al, 1976). Other studies have also revealed that organization climate and job satisfaction are related. For example, studies by Kabes (1989) show a significant positive correlation between school climate and work satisfaction. Studies by Dondero (1997) reveal that teachers' morale improves when they are satisfied with their remuneration and collegial relations. A similar study carried out by Arani and Abbasi (2004) also indicated similar finding whereby they found significant correlations between job satisfaction and climate in the school context.

Earlier to those studies, Churchill et al., (1976) indicated that organizational climate being an important determinant of the salesman morale, whereby 40% of the variance in job satisfaction among the salesman is explained by the organizational climate dimensions. This shows that organizational climate influences job satisfaction. In a more recent study, Schulte, Ostroff and Kinicki (2006) found that overall climate in a work unit does influence individual satisfaction. This finding is supported by the finding by Pan and Qin (2007) who also found that school organizational climate is significantly correlated with teacher's job satisfaction. In short, it has been clearly established by studies, old and new, organizational climate is a significant predictor of job satisfaction.

## 3.0 RESEARCH METHODS

## **3.1 The Respondents**

The respondent for this study are employees of a government agency that has a total of 35 branches throughout West and East Malaysia, with a total population of 92,000. However, for the purpose of this study the questionnaires were distributed to only 17 locations. The 17 locations were predetermined by the HQ officer of the organization based on the organization request. In addition to that the organization wanted to distribute only 60 questionnaires at each location. Hence, 60 questionnaires were distributed by the appointed officers at each location. Since the researchers were not able to control the way the questionnaires were distributed, it is assumed that a convenient sampling method were used. Therefore, a total of 1020 questionnaires were distributed, and a 100 percent response rate was obtained.

In general, a majority of the respondents were male (91.9%). This is not surprising since the studied organization is a male dominated organization by nature. The mean age of the respondents was 31.36 years (S.D.= 7.66). 70.2 percent of the respondents were married, 28.9 percent of them were single and the rest were either divorced or widowed. 44.7 percent of the respondents do not have children, and this includes those who are still single. Table 1 below shows the categories of respondents' monthly basic salary and the percentage of respondents at each category. As indicated, a majority of the respondents were earning between RM1001 to RM3000 in monthly salary.

## Insert Table (1) about here

## **3.2 Data Collection Instruments**

In this study, all measures use a seven-point Likert scale for measuring each item. With a seven-point Likert scale 1 was used to represent 'strongly disagree', 2 to represent 'disagree', 3 to represent 'somewhat disagree', 4 to represent 'neutral', 5 to represent 'somewhat agree', 6 to represent 'agree', and 7 to represent 'strongly agree'. The dependent variable, job satisfaction, was measured using the overall job satisfaction scale by Brayfield and Rothe (1951), which consists of 18 items.

The items in this instrument were translated into Bahasa Malaysia, and the the Cronbach alpha coefficient was calculated to determine the reliability of this instrument. As a result three items from this scale were not included in the analysis because they reduce the reliability of the instrument. Hence, only 15 items were used for further analysis. Organizational climate was measured using the scale modified from Litwin and Stringer (1968) by Schnake (1983). Based on Schnake (1983), organizational climate consists of five dimensions, which are (i) structure, (ii) responsibility, (iii) participation and reward orientation, (iv) standards and (v) warmth and support, and there are a total of 30 items in this scale. These items were also translated into Bahasa Malaysia. A principal components analysis (PCA) with varimax rotation was employed for determining the interrelationships among the items used to measure organizational climate. The findings of this analysis indicated that the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy has a value of 0.82, indicating sufficient intercorrelations, and the Bartlett sphericity test is significant (chi-square= 10688.03; p<0.001). From the analysis, six components are extracted with eigenvalue above 1. However, for the purpose of this study items with factor loading of 0.5 and above (Hair, 2006), and components with reliabilities of 0.6 and above only were considered to be included. As a result only five components with a total 20 items were used.

Principal component analysis with varimax rotation was performed again with the 20 remaining items. The KMO indicated a value of 0.86, and the Bartlett sphericity test is significant (chi-square= 6674.44; p<0.001). However, as shown in Table 2, only four components with eigenvalue above 1 were left, and an additional two items were excluded. Nonetheless, the variance explained by these four components is 54.44 percent, and the reliabilities for each of these components and job satisfaction are as shown in Table 3. In addition, component 1 was labeled as 'reward orientation', component 2 was labeled as 'responsibility', component 3 was labeled as structure, and component 4 was labeled as 'participation'.

## Insert Table (2) about here Insert Table (3) about here

## 4.0 FINDINGS

First and foremost, as shown in Table 4, the mean for job satisfaction is slightly below five, which means that the level job satisfaction among the respondents is rather low. With regard to the dependent variables, it is found that the mean value for responsibility is slightly below four, the midpoint. This indicates that on the whole, the employees of this organization did not believe that they were given enough responsibility with regard to the job they are doing. In addition the mean value for reward orientation, and participation is approaching five, while the mean value of structure is slightly above five. All this indicates that the employees of this government agency only slightly agree that the climate of reward, participation opportunity and structure exist in this organization.

## Insert Table (4) about here

Table 5 shows the correlations between all the variables included in this study. The independent variables, i.e. reward orientation, responsibility, and structure, indicate significant and positive correlations with job satisfaction. This means that higher availability of rewards, responsibility and structure corresponds to higher level of job satisfaction. While participation indicated a significant but negative correlation, which mean that higher level of participation is related to lower level of job satisfaction or vice versa.

## **Insert Table (5) about here**

However, to determine the impact of the organizational climate dimensions on job satisfaction, multiple regression analysis were performed. The results were presented in Table 6. As shown, all organizational climate dimensions significantly predict job satisfaction, and these variables explain 35 percent of the variance in job satisfaction.

## Insert Table (6) about here

## 5.0 DISCUSSION AND CONCLUSION

The study was designed to answer questions regarding the level of job satisfaction of government agencies' employees, and the impact of organizational climate (i.e.; reward orientation, responsibility, structure and participation) on these employees' job satisfaction. In general, the current study indicated that the job satisfaction level is rather low. Unfortunately, this study only surveyed one government agency; hence caution need to be taken in interpreting the results. Still, this agency has many branches throughout Malaysia and the total number of employees of this organization was quite large, with almost half of these branches were surveyed.

It is also found that these employees perceive that the organizational climate within this organization provides low rewards, responsibility, structure and participation. Most importantly, since the results also reaffirms previous studies (Pan & Qin, 2007), whereby organizational climate does have an impact on employees job satisfaction, this study also shows that low levels of reward, responsibility and structure leads to low level of job satisfaction. Interestingly, however, this study shows that participation has a negative impact on job satisfaction, which means in this organization, the employees do not like high level of participation. This is probably due to the fact that Malaysians are quite uncomfortable with the idea of providing ideas and suggestions to the management because this could indicate a lack of respect of the higher authority. This provides further evidence to Hofstede's (1980) finding regarding power distance in Malaysia. Furthermore, higher level of participation also means an added workload to the employees, and this may not be appealing to the government agencies employees because they already have too much responsibility to serve the public.

Thus, based on the findings of this study, it could be suggested that in order to improve the government agencies' employees' job satisfaction, which in turn could improve their service quality and productivity, the organizational climate in these agencies should provide conducive work environment in order to increase performance. This study suggests these employees do not feel that they are earning enough rewards for their effort, hence better reward system should be designed in order improve employees performance. In addition, the jobs they do should be redesigned so that it provides more responsibility and structure. It is possible that mundane, routine work that is often associated with government employment does not provide enough excitement to the employees and this could affect their job satisfaction. The study also indicated that employees reported that the jobs in the government agencies are not structured enough. Lack of structure indicates that it is harder for employee to complete their jobs to the satisfaction of their clients, which is the public.

Hence, there is room for improvement in terms of job structure. Lastly, employees in the government agencies are afraid to participate in the management of the organization. This does not mean that we should reduce the opportunities for participation for these employees. Instead, these employees should be taught to be more at ease with participation. This is because people are the human capital that could be the source of knowledge, brilliant ideas and innovations. They need to get used to the new way of management (i.e. employee participation), and eventually organizations could prosper or benefit from their unique human capital.

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#### TABLE 1 Basic Salary

	Frequency	Percent
RM500 - RM1000	97	9.5
RM1001-RM1500	215	21.1
RM1501-RM2000	134	13.1
RM2001-RM2500	258	25.3
RM2501-RM3000	207	20.3
RM3000-RM3500	46	4.5
RM3501-RM4000	16	1.6
Lebih RM4001	46	4.5
Missing data	1	.1

## **TABLE 2 Rotated Factor Structure of Organizational Climate Items**

	Component			
	1	2	3	4
In this organization, people are rewarded in proportion to the excellence of their job performance.	.733	.162	.057	079
In this organization, performance is evaluated regularly against agreed upon goals and standards.	.725	.111	.209	.064
Good performance is recognized fairly quickly in this organization.	.715	.034	.182	.103
In this organization, people are encouraged to initiate projects that they think are important.	.686	135	.135	.012
There is a lot of warmth in the relationships between management and other personnel in this organization.	.623	.138	.168	057
We have a promotion system that helps the best person to rise to the top. I have a clear idea of what I am supposed to do in my job.	.552 .515	.128 .045	.260 .354	.158 .164
In this organization, I am given a chance to participate in setting the performance standards for my job.	.481	269	.411	261
Things often seem to be pretty disorganized around here.	.120	.785	.027	226
People in this organization don't really trust each other very much.	.045	.774	.134	093
In this organization, people don't seem to take much pride in the excellence of their performance.	.094	.763	.002	147
There is not enough reward and recognition given in this organization for doing good work.	.073	.588	107	326
In this organization, we set very high standards for performance.	.250	.000	.763	.003
The assignments to this organization are clearly defined.	.347	.060	.705	156
The goals I am supposed to achieve in my area are realistic.	.350	.180	.673	.023
There is a feeling of pressure to continually improve our personal and group performance.	.098	065	.650	.356
Our productivity sometimes suffers form lack of organization and planning.	051	240	.111	.709
Management sets challenging goals.	.190	120	.137	.652
I very seldom sit down with my superior to review my overall performance.	064	334	133	.650
The rewards and encouragements that you get usually out weigh the threats and criticisms.	.310	310	199	.381

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

a Rotation converged in 6 iterations.

Variables	Cronbach α
Job satisfaction	0.78
Organizational climate:	
Reward orientation	0.83
Responsibility	0.78
Structure	0.76
Participation	0.62

# TABLE 3 Reliability Coefficients of the Variables

## **TABLE 4 Mean and Standard Deviations of the Variables**

	Mean	Std. Deviation
Job satisfaction (JS)	4.86	.83
Organizational climate:		
Reward orientation	4.78	.96
Responsibility	3.66	1.23
Structure	5.06	.98
Participation	4.53	1.12

# **TABLE 5** Correlations of Variables

		1	2	3	4	5
1.	Job satisfaction	1				
2.	Reward orientation	.478**	1			
3.	Responsibility	.256**	.160**	1		
4.	Structure	.481**	.566**	.091**	1	
5.	Participation	186**	.056	480**	.081**	1

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

TABLE 6 Regression Results of the Relationship between Organizational Climate Dimensions and Job
Satisfaction

Variables	Std. Beta		
Organizational Climate:			
Reward orientation	.291***		
Responsibility	.091**		
Structure	.323***		
Participation	185***		
$\mathbf{R}^2$	.59		
Adjusted R <sup>2</sup>	.35		

\*\*\* *p*<0.001