

## Impact of Organizational Climate on Job Performance in Nepalese Supermarket: Evidence from Bhatbhateni Supermarket

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### Abstract

*Organizational Climate changes rapidly in today's competitive business scenario which affects the performance of the employees. Job performance can be directly linked with the satisfaction of employees towards their work, so organizational climate has been important attribute to generate employee satisfaction in any organization. The study aims to gain an insight into organizational climate prevailing at the Bhatbhateni supermarket, and also to observe the degree of satisfaction levels of the employees in the organization. This study is an attempt to find out the root cause of problems related to employees with organizational climate and job satisfaction. Regression method was used for the purpose of data analysis from the data collected among 130 employees of Bhatbhateni supermarket's outlet of Kathmandu valley. The result shows that employees are satisfied with the organizational practices. However, some employees also felt that more number of trainings and organizational support could help in making organizational climate better. Employees can perform their job better if there is conducive climate in the organization which would also help in enhancing job satisfaction. For this purpose, the organization should train their employees, provide better working environment, and other facilities.*

**Keywords:** Organizational Climate, Bhatbhateni Supermarket, Job Performance, Employee Satisfaction

### 1. Background

Organizations are constantly challenged by the increasing number of changes impacting on organization's climate these days (Castro, 2008; Parajuli et al., 2020). Organizational climate and organizational culture are closely related, but are certainly not the same. Both deal with how individuals try to make sense of their environments, and are learned through interaction among persons belonging to a certain group (Kuenzi & Schminke, 2009). Organizational culture refers to the underlying structure of an organization, embedded in the values, beliefs, and assumptions of organizational members (Denison, 1996). Organizational climate, on the other hand, is reflected in practices and procedures that are observable at the surface of the organization. Olsson et al. (2019) emphasizes organizational climate is to be temporary, subject to direct control, and limited to aspects that are consciously perceived by members of an organization.

The climate of the organization is based upon its employees' feelings and perceptions of the organization's practices, procedures and reward systems (Parke & Seo, 2017; Thapa et al., 2020).

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Organizational success is largely dependent on the quality and effort of the people that work for the organization (Jaiswal & Kant, 2018) and happiness at work (Sabir et al., 2019). Flexible, productive and knowledgeable people within an organization are a source of (sustainable) competitive advantage for companies. Top managers increasingly acknowledge that the people within the organization make the difference by creating value for the organization (Verburg & Hartog, 2006). With the good performance and engagement of the people or employees an organization can get the better result and achieve the target (Mone et al., 2018). Bailey et al. (2017) mentioned employee engagement both refers to psychological states and behaviors, as well as their antecedents. Engagement as a psychological state represents some form of absorption, attachment, and enthusiasm to the work and organization (Macey & Schneider, 2008), and is often an umbrella term for aspects of organizational commitment, job satisfaction and job involvement. Since climate is the psychological or perceptual description of individuals, the climate in an organization can be seen as the collective perception of employees (Al-Shammari, 1992).

Still various questions are unanswered in the context of Nepalese supermarket sector as i) what are the impacts of organizational climate on the job performance in Bhatbhateni Supermarket? ii) What is the contribution of Conducive organizational structure to job performance explained by job satisfaction, productivity, regularity and punctuality? iii) What is the contribution of clear job description to job performance explained by job satisfaction, productivity, regularity and punctuality? iv) What is the contribution of feedback to job performance explained by job satisfaction, productivity, regularity and punctuality? v) What is the contribution of training and development to job performance explained by job satisfaction, productivity, regularity and punctuality? vi) What is the contribution of share of idea to job performance explained by job satisfaction, productivity, regularity and punctuality? vii) What is the contribution of autonomy to job performance explained by job satisfaction, productivity, regularity and punctuality? viii) What is the contribution of work life balance to job performance explained by job satisfaction, productivity, regularity and punctuality? Taking these into consideration this study will hold special significance for overall performance and practice, if the majority of employees are dissatisfied with their jobs, to identify causes of their dissatisfaction as well as how they can enhance the satisfaction of those Supermarkets. The scope of the study is to gain an insight into organizational climate prevailing at the Bhatbhateni supermarket, and also to observe the degree of satisfaction levels of the employees in the organization. This study is an attempt to find out the root cause of problems related to employees with organizational climate and job satisfaction. The study also aims to investigate the relationships between organizational practices and employee job performance and to analyze the organizational factors affecting to employee job satisfaction at Bhatbhateni Supermarket.

This study is further divided into five sections. Second section includes methods. Third section covers result. Fourth section includes discussion and last section concludes the study.

## **2. Methods**

This study involved two important variables- organizational climate and job performance. Thus, to empirically examine the relative contribution of organizational climate variables in predicting employee job performance. For organizational climate, the study used conducive organizational structure, clear job

description, feedback, training and development, share of ideas, autonomy and work life balance. Job performance variables were job satisfaction, productivity, regularity and punctuality.

This study is conducted on one of the largest supermarket in Nepal – Bhatbhateni supermarket located in Kathmandu Valley. Bhatbhateni was started as cold store in 1984 which now has turned as supermarket and departmental store chain with daily sales exceeding \$550,000 and the largest tax payer in retail sector of Nepal. Today, it is spread across various cities of Nepal having dozens of outlets inside Kathmandu valley only and the expansion is still continuous process. Being largest retail store of Nepal, Bhatbhateni offers wide range of national and international products including groceries, kitchen ware, cosmetics, fashion wears and many other items. Bhatbhateni is providing employment to around 3,000 people (Bhatbhateni, 2020). Being largest supermarket of the country with expanding outlets it has given employment opportunities to number of people directly and indirectly. With the increase in outlets, employment opportunity increases from personal level to business level. Therefore, managing fruitful environment for every working employee associated directly or indirectly with it is quite challenging task. Creating favorable job environment while dealing with thousands of customers in a day and maintain harmony and balance among employees, suppliers and customers requires lots of effort from organization side. Therefore, Bhatbhateni could serve the study purpose of analyzing impact of organizational climate on job performance because of its large number of employees having to deal with large number of customers, suppliers on daily basis which is quite tough to perform without proper organizational climate.

Response was collected from the employees currently working in the Bhatbhateni supermarket. As per the respondents' involvement in the department, 75.4% are from the sale department followed by front office department (20.0%), back office department (3%) and housekeeping department (1.5%). Looking at the respondents as per their job category, the staffs from sales department are highly involved (90.8%), whereas remaining staffs are from finance (2.3%), management (3.1%), support staff (2.3%) and security (1.5%).

Following Paudel et al. (2018) and Paudel and Devkota (2018) purposive sampling is used to undertake this study. As Paudel and Devkota (2019) mentioned such sampling is useful when the researcher need target sample quickly and sampling proportionality is not the main concerns. The basic questionnaire was focused on the employee's perceptions, feelings and experiences in their working life. This was done by conducting focus group, holding interviews with senior managers and observation. The final questionnaire consisted of 58 questions with dependent and independent variables including two open ended questions as well as biographical information. Likert five-point scale was adopted where respondents were asked to express their agreement level of the statement of each question, from 1 represent "strongly disagree" to 5 represent "strongly agree" (Garland, 1991). 150 questionnaires were distributed and a total of 130 questionnaires were received (response rate 86.7%). Both descriptive and inferential statistical tools were used to generate data. A regression has performed to find out the impact of organization culture on job satisfaction on the study area.

### 3. Result

#### *Demographic Status*

The demographic section of the questionnaire required participants to provide the personal information such as age, gender, level of income, experience and marital status. The purpose of demographic information was to determine whether demographic variables had an influence on organizational climate and job performance. Results revealed that majority of (i.e. 81.5%) responses were received from female employees of Bhatbhateni Supermarket. It is because Bhatbhateni supermarket appointed mostly young female staff for their sales operation. Also, majority of the respondents (61.5%) were from the age group of 20-30. Out of all respondents 66.2% respondents were married and majority of the employees (58.5%) had their income less than 15000 monthly. It is observed that one third of the employees hold work experience in between 1-2 years.

**Table 1: Demographic characteristics of the respondents**

Attributes	Distribution	Frequency	Percentage (%)
Gender	Male	24	18.5
	Female	106	81.5
Age	Below 20	36	27.7
	20-30	80	61.5
	30-40	11	8.5
	40-50	3	2.3
Marital Status	Married	44	33.8
	Unmarried	86	66.2
Income	Less than Rs. 15000	76	58.5
	Rs. 15000-30000	52	40
	Rs. 30000-45000	2	1.5
Experience	Below 1 year	24	17.5
	1-5 Years	99	75.2
	5-10 Years	4	3.1
	More than 10 Years	3	2.3

Source: Field Survey

The table 1 displays respondents views on working environment in Bhatbhateni Super market in Kathmandu, Lalitpur and Bhaktapur. Majority (79.2%) said working environment is flexible. It shows that more than average employees are satisfied with the working environment of Bhatbhateni supermarket in the study.

#### **Correlation**

Correlation analysis was performed to check the association between the variables. The correlation results have presented in three different tables as mentioned below. Table 2 displays the correlation among age, gender, marital status, level of income, and experience. Table 3 shows the correlation among conducive organizational structure, feedback, training and development, autonomy, work life balance, share of idea

and clear job description. Similarly, table 4 indicates the correlation between organizational climate and job performance.

**Table 2: Correlation matrix of age, gender, marital status, level of income and experience**

	Gender	Age	Marital Status	Level of Income	Experience
Gender	1	.105	-.047	-.025	.037
Age	.105	1	-.431**	.316**	.523**
Marital Status	-.047	-.431**	1	-.218*	-.315**
Level of Income	-.025	.316**	-.218*	1	.454**
Experience	.037	.523**	-.315**	.454**	1

**Table 3: Correlation between dependent variables**

	Conducive Organizational Structure	Feedback	Training and Development	Autonomy	Work life balance	Share of idea	Clear job description
Conducive Organizational Structure	1	.322**	.373**	-.009	.381**	.352**	.509**
Feedback	.322**	1	.552**	.036	.373**	.507**	.511**
Training and Development	.373**	.552**	1	.055	.520**	.786**	.592**
Autonomy	-.009	.036	.055	1	.302**	.067	.055
Work life balance	.381**	.373**	.520**	.302**	1	.521**	.358**
Share of idea	.352**	.507**	.786**	.067	.521**	1	.474**
Clear job description	.509**	.511**	.592**	.055	.358**	.474**	1

**Table 4: Correlation between independent variables**

	Job Satisfaction	Productivity	Regularity	Punctuality
Job Satisfaction	1	.630**	.397**	.141
Productivity	.630**	1	.452**	.319**
Regularity	.397**	.452**	1	.445**
Punctuality	.141	.319**	.445**	1

**Table 5: Correlation between independent and dependent variables**

	Organizational Climate	Job Performance
Organizational Climate	1	.496**
Job Performance	.496**	1

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

\* . Correlation is significant at the 0.05 level (2-tailed).

Correlation results from table 2 shows that there is positive correlation among age, gender, level of income and experience. However, in the case of marital status, it depicts negative correlation with all other demographic variables. Similarly, table 3 displays significant positive correlation among conducive organizational structure, feedback, training and development, work life balance and share of idea. Table 4 also shows positive correlation between job satisfaction, productivity regularity and punctuality. It also observed that job satisfaction is highly significant (i.e., 0.63) with productivity. Finally, correlation between organization climate and job performance, as shown in table 5, indicates there is fairly association between these two variables. It indicates better organization climate leads to well in job performance and vice versa.

### Regression Result

Before performing final analysis, a validity and reliability test for the study was conducted, whose value is presented in table 6. The results shows that variable undertaken are valid as mean value of Cronbach's alpha is 0.690.

**Table 6: Reliability statistics result**

Variables	Number of Question	Cronbach's alpha
Conducive Organizational Structure	7	0.783
Clear Job Description	3	0.485
Feedback	3	0.677
Training and Development	5	0.752
Share of idea	4	0.638
Autonomy	4	0.667
Work Life Balance	7	0.702
Job Satisfaction	6	0.755
Productivity	2	0.678
Regularity	3	0.664
Punctuality	4	0.785
Overall	48	0.690

To measure the impact of organizational climate, four different regression models are used. The tables below show regression results for the same explanatory variables in respect to different dependent variables.

**Table 7: Job satisfaction**

Model	Un-standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	1.231	.392		3.140	.002
Conducive Organizational Structure	.151	.102	.133	1.485	.140
Clear Job Description	.210	.082	.264	2.577	.011
Feedback	-.078	.075	-.096	-1.032	.304
Training and Development	-.091	.125	-.097	-.722	.472
Share of Idea	.101	.118	.105	.852	.396
Autonomy	.012	.063	.015	.186	.853
Work Life Balance	.420	.106	.383	3.970	.000

**Table 8: Productivity**

Model	Un-standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.004	.491		4.081	.000
Conducive Organizational Structure	.193	.127	.145	1.514	.133
Clear Job Description	.199	.102	.214	1.950	.054
Feedback	-.021	.095	-.022	-.217	.829
Training and Development	-.098	.157	-.089	-.621	.536
Share of idea	.080	.148	.071	.541	.589
Autonomy	-.203	.079	-.217	-2.584	.011
Work Life Balance	.375	.133	.292	2.826	.006

**Table 9: Regularity**

Model	Un-standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	2.243	.417		5.379	.000
Conducive Organizational Structure	.022	.108	.019	.203	.840
Clear Job Description	.248	.087	.313	2.848	.005
Feedback	-.144	.080	-.179	-1.790	.076

Training and Development	.039	.133	.042	.290	.772
Share of idea	.011	.126	.012	.088	.930
Autonomy	-.040	.067	-.051	-.604	.547
Work Life Balance	.354	.113	.325	3.146	.002

**Table 10: Punctuality**

Model	Un-standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	2.972	.449		6.619	.000
Conducive Organizational Structure	-.019	.116	-.016	-.162	.871
Clear Job Description	.089	.094	.106	.951	.344
Feedback	-.066	.086	-.078	-.766	.445
Training and Development	.493	.144	.501	3.433	.001
Share of idea	-.298	.136	-.295	-2.196	.030
Autonomy	-.150	.072	-.179	-2.090	.039
Work Life Balance	.223	.121	.194	1.842	.068

Our result, presented in table 7, indicates that job satisfaction is determined by clear job description to the employee and work life balance of the employee working in Bhatbhateni supermarket in Kathmandu Valley. As both the variables are positive and statistically significant, it can be interpreted as clear job description provided to the staff with better working hour, their job satisfaction remains high that leads organization with equipped working manpower for longer year. Similarly, table 8 shows the regression result of productivity of staff with given independent variables. In terms of productivity of staff - clear job description, autonomy and work life balance is major determinants. Our result shows that autonomy has negative impact on staffs' productivity. If the organization tries to autonomy, the productivity of the staff decreases and vice versa. At the same time, providing clear job description to the staff and ensuring their work life balance leads to positive productivity of the staff that ultimately promotes organizational culture and their overall performance.

Our study, table 9, also shows that regularity of the staff is determined by clear job description, feedback and work life balance. Surprisingly we observed that feedback leads to decrease in staff's regularity in their work. Our last regression result, as shown in table 10, indicates that punctuality of staff is depends on training and development, share of idea, autonomy and work life balance. Here, training and development and work life balance is positive and significance and autonomy and share of idea are negatively significant with punctuality. From all the four model, our study has observed that work life balance of staff is major determinants to promote organizational culture and growth.

#### **4. Discussion**

Li and Mahadevan (2017); Tsai (2014), Hanafi (2016) and Rai et al. (2020) found that organizational climate positively impacts employee performance and job satisfaction. Similar result was drawn from this study that if employees are satisfied, they could perform better and this can be possible through good organizational climate. Jyoti (2013) stated that Job satisfaction along with organizational climate plays a vital role in retaining the employees by enhancing their commitment towards the organization. In case of Bhatbhateni similar scenario was identified where the factors affecting were trainings and development programs, job security, internal and external communications and many others. If these factors were effective in the organization it would help to create good organizational climate in any organization.

Certain dimension of organizational climate such as identity, conflict management and rewards do have a statistically significant positive relationship with job satisfaction (Gunya, 2016). Therefore, managers are encouraged to focus on articulating the mission of the organization but also stimulate dynamic and high sense of employees' identification. Fairness in conflict handling procedures as well as equity and transparency in compensation systems is equally recommended as strategies to adopt to foster and increase job satisfaction. A sound work environment is important to create sound social relations at the workplace and also maintain the relationship between colleague, supervisor and the organization. Vijayalakshmi et al. (2017) in their study showed that employees have moderate level of job satisfaction based on the climate and suggests motivation and rewards must be provided to employees to increase their satisfaction in the work. Arya & Sainy (2017) highlighted that Structure, Responsibility, Standards, Support, Commitment, Reward, Warmth and Risk and Conflict are some of the factors impacting organizational climate so, supermarkets in Nepal should also consider these factors while taking any decisions so that favorable organizational climate can be created.

#### **5. Conclusion and Recommendation**

From the study, it is safe to conclude that at Bhatbhateni Supermarket specifically of Bhaktapur, Kathmandu and Lalitpur branches, employees could perform better if their job satisfaction level were higher. To maintain well satisfied and high performing employees, Bhatbhateni needs to incorporate factors such as training and development program, employee and management relationships, reward and remuneration system, autonomy, job security, internal and external communications and concern towards employees' family responsibilities.

While salary and added material benefits keep employees motivated, career advancements and respect are key players in ensuring that employees are kept satisfied. Organizational policies are instrumental in ensuring that equal treatment of employees is upheld and observed. Such policies should take into cognizance career development, discrimination and harassment in the work place, remuneration and added benefits and leadership.

On the basis of conclusion drawn various recommendations are generated. This study tend to indicate that practitioners should be mindful of the fact that climate is unique to every organization and should be viewed in the context of the particular organization. Basic salary should be offered to all employees regardless of position. There should be sustained efforts to encourage all employees to arrive at work on time for them to finish their tasks. It is recommended that the organization continues focusing on the

areas in which it is doing well and find ways to improve these areas by giving employee's feedback and encouraging open and honest feedback. It is also recommended that the organization should address concerns relating to training and development initiatives. The organization should ensure all new employees receive the necessary orientation once they join the organization. Employees should be afforded the opportunity to attend training sessions in line with their personal development plan.

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