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DO ORGANIZATIONAL CLIMATE AND ORGANIZATIONAL PERFORMANCE ENHANCES JOB SATISFACTION: A STUDY OF ISLAMIC BANKS IN PAKISTAN

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Abstract

The study examined the organizational climate and organizational performance of the banking sector of Pakistan with the mediating role of employee job satisfaction. The data was collected through a survey method from 327 Islamic bankers working in the Islamic banks of Lahore, Pakistan. The collected information was analyzed through Statistical Package for Social Sciences (SPSS) and Partial Least Square Structural Equation Modeling (PLS-SEM) to test the hypothesized relationships. The results indicated a significant positive association exists in hypothesized relationships except for organizational performance with reward and incentive, risk and conflict, and support and commitment. While employee satisfaction has an insignificant relationship with risk and conflict, and structure. Furthermore, organizational climate and organizational performance positively appeared to be mediated by employee job satisfaction. A significant role of organizational climate to enhance employees' productivity and organizational performance is concluded.

Keywords: Organization climate, employee satisfaction, organizational performance, Islamic banks,

Pakistan.

1. Introduction

Organizations are shaped by their professional environment, and manipulates employee's behavior in workplace. Organizational environment refers to the quality of work, blended with measurable activities at the workplace reflecting employee's behavior, satisfaction, performance, motivation, and loyalty bond (Schneider et al., 2017; Saeed et al. 2014; Wendell and Cecil, 2004; Fainshmidt and Frazier, 2017; Olsson, et al, 2019; Brimbal et al., 2020; Berberoglu, 2018; Barth, 1974; James, et al., 2008; Zhang, and Liu, 2010). An organizational environment is a combination of some set standards, expectations, policies, and procedures affecting motivation level, commitment, and performance at the workplace (Simha, and Cullen, 2012; Balamurugan, and Vanniarajan, 2016), which also increases the profitability of an organization. The organizational efficacy reflects success by intensifying the competitiveness of the system (Obeidat, 2016), in which a recognition alliance between the organizational environment and employee's perception strengthens overall performance (Aguenza and Som, 2018; Mumford et al. 2002; Jung, Chow and Wu 2003; Schyns, et al. 2009; Rashid, Wineman and Zimring, 2009; and Lehal, 2004). Moreover, employee satisfaction in an organization is a constructive emotional state associated with many factors in an existing work environment (Price, Kiekbusch and Theis, 2007; Koonmee, Singhapakdi, Virakul and Lee, 2010; Irving and Montes, 2009; Ilies, and Wagner, 2009; Sempene, Reiger and Roodt, 2002; and Abu-Jarad, Yusof and Nikbin, 2010). The intensive debates over the years on organization conceptualization, and assessment established its importance. Stewart (2010) found that a strong organizational climate impacts greatly on the stakeholders. Robbins (2006) highlighted a need to develop an appropriate work climate besides the training and development of human resources to enhance the productivity and job satisfaction level that significantly raise the level of organizational performance. In today's dynamic and fast-paced environment, banking in the financial sector plays a substantial role to facilitate economic activities (Richard et al., 2009; Alexiou, Vogiazas and Nellis, 2018). The banking industry is tended to be highly competitive as organization at large. (Richard et al., 2009). In many of the previous studies a connection between staff turnover and job satisfaction, or a relationship between staff turnover and organizational climate was investigated (Lamond, Zheng & Tian-Foreman, 2009; Mafini and Poee, 2013; Jaramillo, Mulki & Solomon, 2006; Mumford et al., 2002). However, it was identified through an extensive literature review that significant attention is not given to work culture's role in enhancing employee satisfaction, in association with organizational performance particularly, in the Islamic banking sector. Banking in Pakistan has two streams as conventional banking and Islamic banking. Conventional banking has established its roots while Islamic banking is new among the established roots of the financial sector. Human capital development is a defining factor for the sustained growth of the Islamic banking industry. As per the researcher's knowledge, we found only a study by Ali, Lei and Wei (2018) reported that organizational climate has a direct relationship with operational performance and a positive employee relation culture mediates the relationship between the work climate and organizational performance. Therefore, they did not identify the dimensions of organizational climate and performance addressed in the current study. Furthermore, an extensive search i.e EBSCO, Google Scholar, Emerald, revealed that there was no study conducted in this field

in Pakistan. Thus, to the authors' knowledge, this study will be the first of its kind to explore the impact of organizational climate on employee satisfaction and performance.

1.1. Research Objective

The following research objective is addressed in this study;

1. To determine the relationship between organizational climate and performance with the mediating role of job satisfaction.

1.2. Research Questions

1. What is the impact of organizational climate on the organizational performance and employees' job satisfaction of Islamic bankers in Pakistan?
2. Does the relationship between organizational climate and organizational performance mediate employee job satisfaction in Pakistan?

2. Literature Review

2.1. Organizational Climate and Performance

Organizational climate is a multi-factor and unique construct (Bitsani, 2013)., which may vary (Lee, 2019) but significantly impact employees' performance to perform quality work (Matui and Ragui, 2018; Ekawati and Tjahjono, 2019; Abu-Jarad, Yusof and Nikbin, 2010 and Zhang, & Liu, 2010). Neog and Barua (2015) explained a significant relationship between the workplace environment and employee commitment in long term. Kangis and William (2000) identified the positive impact of organizational climate on corporate performance, ultimately bringing improvement for a definite success (DiPietro and Pizam, 2008), strengthening relations with stakeholders, resultantly increases a positive impact, Stewart (2010), and profitability (Shahzad, et al. 2012). Bowen and Ostroff (2004) identified that the relationship between human resource management and firm performance is mediated by the organizational climate in terms of employee perception, organizational policies, practices, expected behavior, routines, and rewards.

Matui and Ragui (2018) investigated the impact of organizational climate on the organizational performance of commercial banks in Kenya. The study findings exhibited a statistically significant impact of organizational climate on the commercial bank's performance, while the excitement, enthusiasm, and happiness of employees were indicators of a good organizational climate. Arya and Sainy (2017) reported a significant positive association between employee engagement and organizational climate with special reference to SBI, Indore. They found that factors such as support, responsibility, structure, reward, standards, commitment, risk and conflict, and warmth, influence the employee's counterproductive behaviors in employee engagement in the banking sector. Moreover, there is a positive contribution of employee performance to the performance of the organization (Mensah, Yamoah, and Adaramola, 2019, and Saleem et al., 2019). Huang, Gao and Hsu (2019) posit that if the organization climate is pleasant, employees consider themselves in a positive competition which in turn increases organizational productivity and performance. Mishra and Shukla (2012) analyzed the organizational climate of professional colleges is dependent on employee development leadership, recruitment and promotion, training, cooperation, trust, interpersonal relationships, and

decision making. Kennedy (2006) examined the relationship between organizational climate and employee efficiency. The results revealed that the organizational climate of the bank is a good predictor of bank efficiency, as deemed by most scholars in this field of research (Manuaba, Sujana, and Widnyana, 2020; Haryono, Ambarwati, and Saad, 2019).

2.2. Organization Climate and Employee Satisfaction

Employee satisfaction is a key to success in any organization, determined by the quality of work and performance, whereas, an unsatisfied workforce will be expensive because of high turnout and wastage of management time and resources (Gorgens-Ekerman and Brand, 2012; Jobber and Lee, 1994; Daft, Murphy and Willmott, 2010). While motivation is a key factor boosting employees' productivity. It guarantees satisfaction, resultantly higher level of commitment and positive work force. (Greene and DeBacker, 2004; Berman et al., 2019; Ololube, 2006). It ensures satisfaction and commitment, hence improving the performance and profitability of an employee (Linz, Good & Huddleston, 2006). The wholehearted participation of all employees collectively can take the organization towards high profitability and success (Vance, 2006). Kamery (2004) indicated that the employees who work in a creative and competitive work environment have a higher commitment to the organization and higher job satisfaction. There is a need to create a dynamic organizational culture and work environment which offers competitiveness and creativity for the employees to enhance their performance and capabilities (Janssen and Van Yperen, 2004). In various studies, organizational climate and job satisfaction were measured through employees' perceptions. Employee behavior towards their organization in response to the organizational climate plays an important role in the performance of the employee as well as the organization because it relates directly to the satisfaction of employees (Stringer, 2002). Employee satisfaction is highest when individual needs and the climate in the organization are perceived to be congruent. Good organizational climate is highly correlated with job satisfaction and more organizational commitment (De Clercq and Rius, 2007; and Berberoglu, A, 2018). Jen (2007) reported a significant positive association exists between job satisfaction and the organizational climate of the service industry in Taiwan. Jain et al. (2007) also found similar results for the Indian oil industry. Hunjra, et al (2010) reported organizational climate as a vital factor in job satisfaction, particularly for the Pakistani banking sector.

2.3. Employee Satisfaction and Organizational Performance

The matter of employee job satisfaction always attracted various empirical researchers and scholars over the last few decades (Mafini and Poee, 2013). According to Price (2007), an employee's orientation toward his or her work is referred to as employee satisfaction. An employee's job satisfaction is an individual perception of organization working environment (Sempane, Rieger and Roodt, 2002). Islam and Siengthai (2009) explained employee satisfaction a positive emotional state resulting from the appraisal of job experiences. Different empirical examinations proposed that employee job satisfaction is associated with a number of factors such as co-workers, colleagues, communication, work nature, working conditions, organizational SoPs, fringe benefits, rewards, recognition, motivation, promotion, personal development, compensation, organizational systems, leadership styles, security, human resource training, appreciation and supervision (Koonmee, Singhapakdi, Viraku and Lee, 2010; Irving and Montes, 2009; Ilies, Wilson and Wagner, 2009).

Whereas, Effective management of human resources is a big concern for managers and policymakers in any organization. The banking sector has no exception to this. In literature, a lot of studies have been conducted to analyze various factors impacting job satisfaction (Pati and Reilly, 1977; Putti and Kheun, 1986; Gratto, 2001; and Clercq and Rius, 2007). Furthermore, Organizational climate construct has been clubbed with organizational and social variables that are related to a worker's job environment i.e., job satisfaction (Brief, 1998; Dawson, 1987; Bisconti and Solmon, 1977; Krishnaveni and Ramkumar, 2006). Krishnaveni and Ramkumar (2006) reported that 46 percent of the variance in job satisfaction was explained by the human resource development factors in which employee initiatives, management, encouragement, and team spirit were the most influencing variables. Janssen and Van Yperen, (2004) highlighted a need of a competitive and creative work environment to attain commitment and higher job satisfaction. Biloch and Lofstedt (2013) proposed a model known as 'gamification' which indicated that each part of the performance management cycle can contribute to employee engagement in the performance management process. Saleem (2015) determined the positive association between the organizational climate and performance of organization. The results indicated that organizational commitment has a direct and statistically significant influence on the financial performance of the banks at the 1% level of significance. the findings assure that 1% increase in organizational commitment results in 45% increase in financial performance. Moreover, a significant impact of organizational climate on the employee turnover intention is also found in the banking sector. A study by Bhutto and lagari (2012) also reported a significant effect of organizational climate on the job satisfaction level of the foreign and private bank employees in Pakistan.

2.4. Theoretical Underpinning and Development of Hypothesis

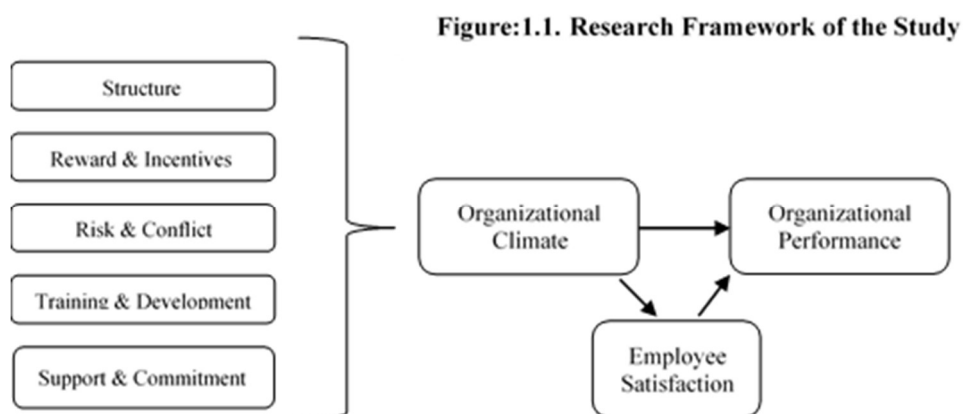
The following theories are studied to determine the theocratical framework of this study;

Theories Explanations

Theories	Explanations
Human Capital Theory	To understand the mechanism of human resource development (Nafukho, Hairston and Brooks, (2017); Coff and Raffiee, (2015).
Resource-Based Theory	To understand organizations and their competitive strategies. (Barney (1991); Wernerfelt, (1995); Ellram, Tate and Billington, (2008); Beckman and Rosenfield, (2008).
Herzbergs Two-Factor Theory	To determine the factors motivating job satisfaction and dissatisfaction. Schermerhorn (1993)

Keeping in deep consideration of above-mentioned theories from literature, this research aims to mediate the role of employee satisfaction in the perceived organizational climate and organizational performance. The research framework of this study has shown in figure

1.1.



Moreover, the hypotheses structured in the research framework (figure1.1) are described below;

Thus, the hypothesis will be tested as follows:

H1: Organizational climate predicts a significant positive effect on organizational performance.

H2: Organizational climate predicts a significant positive effect on employee job satisfaction.

H3: Employee job satisfaction has a significant positive effect on organizational performance.

H4: The relationship between organizational climate and performance is mediated by employee job satisfaction.

3. Methods and Procedures

Quantitative research design using a survey method was used to conduct this research as it was most adequate to study a larger population by choosing a small population (Cooper and Schindler, 2008; and Kothari, 2008). A cross-sectional survey using a structured questionnaire was conducted to investigate the mediating role of job satisfaction in a relationship with organizational climate and performance. A deductive approach is used for this study as it involves theoretical testing of a research hypothesis that is only intended for research testing (Wilson, 2010). The study questionnaire was categorized into demographic section and research variables section driven by the studies indicated in Table 3.1 in three dimensions organizational climate, job satisfaction, and organizational performance. The selected measurement items were taken from previous literature and some of item were modified into Islamic banking context. (Table 3.1).

Table 3.1: Research Variables		
Sr.	Variable	Sources
1	Organizational Climate	Bhutto & Laghari (2012); Balamurugan & Vanniarajan (2016); Arya & Sainy (2017)
2	Job Satisfaction	Clercq & Rius (2007); Balamurugan & Vanniarajan (2016); Obeng et al. (2020)
3	Organizational Performance	Obeng et al. (2020); Mensah, Yamoah, & Adaramola (2019); Saleem et al. (2019)

Table 3.2 represents each construct item/factor name and corresponding label

Table 3.2: Constructs and Items

Constructs	Item/Factor Name	Item/Factor Label
Rewards and Incentives	RI1	Fair reward and recognition
	RI2	Proportion to the excellence employees are rewarded
	RI3	Best man to rise to the top
	RI4	Satisfied with recent increment
Training and Development	TD1	Organized normally for employees' time to time
	TD2	Easily get approval to further their education
	TD3	Talent pool programs to polish employee skills
	TD4	Digital trainings regarding new software's
	TD5	Fair allocation across all employees
	TD6	Supervisors support employee's effort
	TD7	Training sessions are frequently organized
	TD8	Management is highly committed to offer skills development programs
Support and Commitment	SC1	Member of a well-functioning team.
	SC2	Getting assistance from my boss and co-workers
	SC3	Colleagues much look out for their own interests
	SC4	Accept any type of assignment to keep working
Structure	ST1	Unclear structure
	ST2	Jobs are clearly defined
	ST3	Generally positive and supportive
	ST4	Management appreciates my suggestions
Risk and Conflict	RC1	Conflict between competing units & individuals can be healthy
	RC2	Steer clear of open arguments and disagreements
	RC3	Get ahead fastest by playing slow, safe and sure
Employee Satisfaction	ES1	Satisfied with my organization
	ES2	Leaves me a pleasant impression
	ES3	Will return to my organization in the future
	ES4	Recommend this organization to my friends
Organizational Performance	OP1	High return on assets for its organization
	OP2	Low customer complaints by doing the right things
	OP3	Profitability has increased for the last five years
	OP4	Direct link between organizational increased market share to individual productivity

The adapted questionnaire pilot tested with 30 bankers who were not the part of the study sample. There were 31 study items = α .932, distributed into seven categories namely Rewards and Incentives (4 items, α =.830), Training and Development (8 items, α =.872), Risk and Conflict (3 items, α =.711), Support and Commitment (4 items, α =.784), Structure (4 items, α =.833), Employee Satisfaction (4 items, α =.823) and organization performance (4 items, α =.805). Each item was measured on the 5-point likert scale, consisting higher to lower (e.g. strongly agree = 5, agree = 4, neutral = 3, disagree = 2, and strongly disagree =1). All the alpha (α) values (see Table, 2.3) of the scale are acceptable at 0.07, indicating that the survey instrument is reliable for further data collection.

Table 2.3: Reliability Analysis (Pilot Survey)

Scale Title	Number of Items	Cronbach's Alpha
Rewards and Incentives (RI)	4	.830
Training and Development (TD)	8	.872
Risk and Conflict (RC)	4	.711

Support and Commitment (SC)	4	.784
Structure (ST)	3	.833
Employee Satisfaction (ST)	4	.823
Organization Performance (OP)	4	.805

The bankers working at the Islamic banks, their branches and windows of conventional banks operational in Lahore, Pakistan were the population of the study. This is because Islamic banking branches are more concentrated in Punjab, followed by Sindh and Khyber-Pakhtunkhwa. (Islamic Banking Bulletin, 2021). The study sample size was determined based on the formula for finite population given by Krejcie and Morgan (1970), which offers enough statistical strength for data analysis. A convenient sampling technique is used, allowing easy accessibility and availability of participants, geographical proximity, and readiness to take part in the research. (Showkat and Parveen, 2017). The survey was administered by the researchers, visiting Islamic banks and their branches. Islamic bankers participated in the survey on voluntarily. Around 450 questionnaires were distributed. The data accuracy and completeness of the information was carefully screened. However, 123 questionnaires were omitted resulting 327 questionnaires in total.

Each questionnaire was numbered and coded into SPSS (Statistical Package for Social Sciences). The dataset was carefully checked for ‘missing values, outliers, normality, and multicollinearity’ to meet the assumptions statistically. Descriptive statistics were applied for demographic variables whereas inferential statistics were applied for advance statistical data analysis. The study research model was assessed in two stages: a) measurement model, which was used to determine convergent and discriminant validity, composite reliability and Average Variance Extracted (AVE) of latent variables, based on Fornell and Larcker (1981), and Bagozzi and Yi (1991) criteria. and b) structural model was used for hypothesis and mediating paths testing using the bootstrapping procedure described in Hair et al. (2012a,b) and Henseler (2010). Finally, the hypothesis was tested for direct and mediating paths. The assumed hypothesis was tested through Structural Equation Modeling (SEM) technique via Smart PLS software, because it models the association of multiple constructs

Systematically and comprehensively.

4. Data Analysis and Results

The participant's gender, age, levels of education, and marital status were asked for descriptive analysis of demographic variables. Gender is a characteristic of great importance in every field of life (Roxas and Stoneback, 2004) as in decision-making, stakeholder engagement, communication and preferences for the update of interventions. Data for this study were collected from both i.e. males and females. The statistics indicate that out of 327 participants, 175 (53.5%) were female whereas the 152 (46.5%) were males. Moreover, the participant's age is also a widely used demographic indicating that 34.6% of participants belong to the age group of 41-50 followed by 31-40 (28.1%) , 20-30 (23.2%) respectively, while only 14.1(%) participant was above 50 years participated in the survey. Education is considered an important factor to understand an individual's knowledge and awareness regarding any particular phenomenon. The statistics indicate that 43.1% hold a bachelor's degree, followed by 24.8% Masters/PhD degree, 8.3% with some certifications/diploma, and only 1.8% have professional

qualifications as (ACCA, CIMA, MBBS, etc). Furthermore, 6.7% of employees were having primary/secondary level of education are employed in Islamic banks. The participants marital status indicated that 59.9% of employed staff married was employed and 40.1% found single.

4.1. Participant's Demographic			
Variables	Category	Frequency	Percentage
Gender	Male	152	46.5
	Female	175	53.5
	Total	327	100.0
Age	20-30 years	76	23.2
	31-40 years	92	28.1
	41-50 years	113	34.6
	Above 50 years	46	14.1
	Total	327	100.0
Education	Secondary/O Levels	22	6.7
	Intermediate/A Levels	50	15.3
	Bachelors	141	43.1
	Masters or PhD	81	24.8
	Certifications/Diploma	27	8.3
	Professional Qualification	6	1.8
	Total	327	100.0
Marital Status	Single	131	40.1
	Married	196	59.9
	Total	327	100.0

Table 4.2 depicts that the dependent variable entitled organizational performance has composite reliability of 0.884 and for the independent variables – rewards and incentives it is 0.918, training and development it is 0.944, for risk and conflict it is 0.755, for support and commitment it is 0.834, and for structure, it is 0.898. The composite reliability for the employee satisfaction variable is 0.946, respectively.

Table 4.2 depicts Cronbach's alpha and composite reliability statistics to determine the survey items internal consistency. The study sample was tested and the items having factor loading less than 0.60 were excluded. The statistical results indicated alpha (α) values of construct ranged from .692 to .929, while the values of composite reliability ranged from .755 to .946 which are significantly above the threshold level of 0.70. This shows a good fit evidence of reliability. Furthermore, all composite reliabilities (CRs) and average variance extracted (AVE) values are higher than 0.70 and 0.50, respectively which validates the convergent validity.

Table 4.2: Construct Reliability and Validity

Constructs	Cronbach's Alpha	rho_A	Composite Reliability	AVE
Rewards and Incentives (RI)	.895	.928	.918	.691
Training & Development (TD)	.929	.947	.944	.681
Risk and Conflict (RC)	.692	.703	.755	.529
Support and Commitment (SC)	.731	.754	.834	.563
Structure (ST)	.883	.970	.898	.693

Employee Satisfaction (ST)	.922	.934	.946	.814
Organization Performance (OP)	.821	.911	.884	.668

4.1. Discriminant Validity

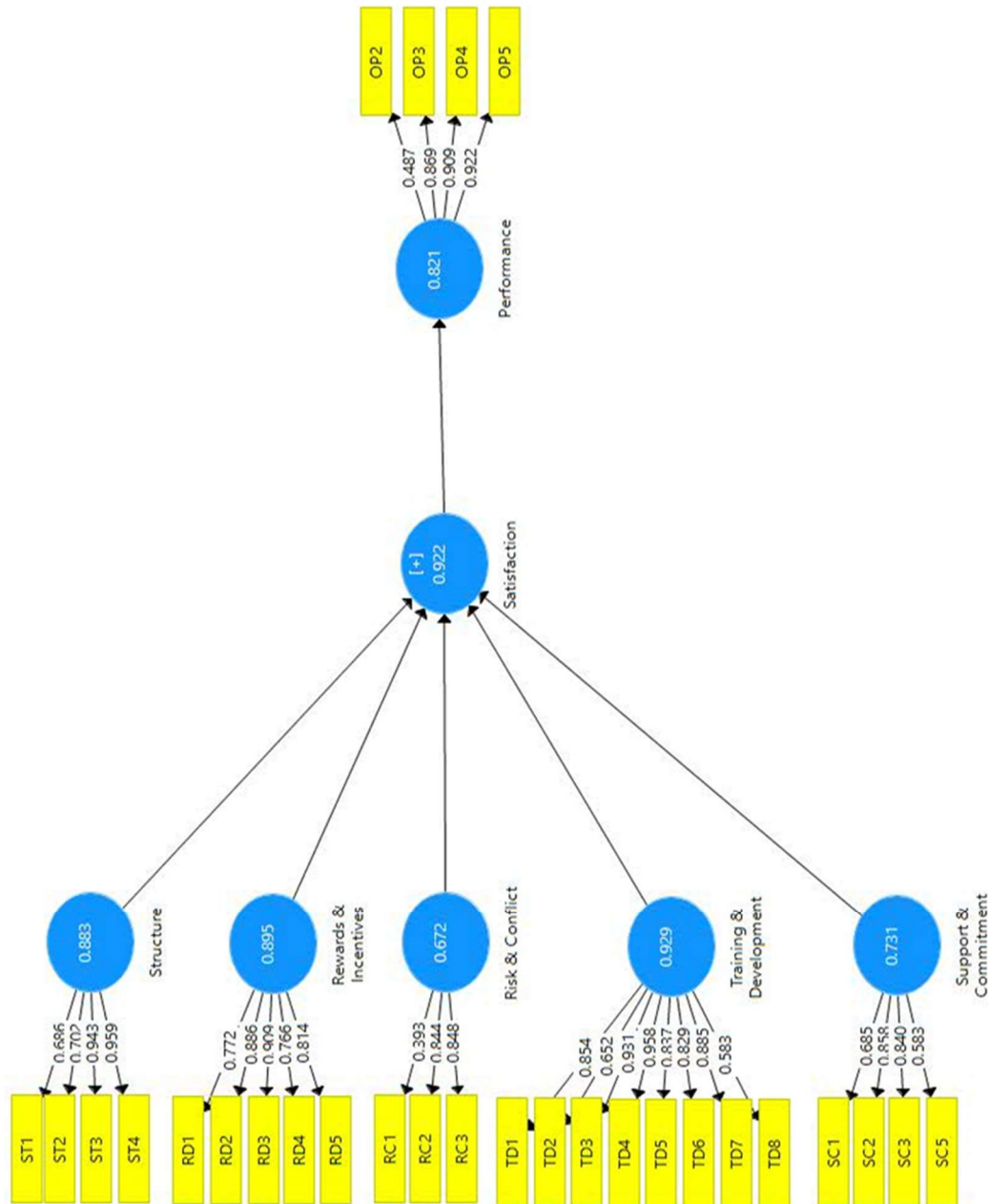
Discriminant validity represents the extent that how one construct is different from another construct. (Hair et al., 2014). It assumed that obtained values of each construct should be greater than another construct (Venkatesh and Morris, (2000) and Henseler et al., (2010). Chin (2003) explains that indicator loading and cross loading of latent constructs must be higher with its own construct. The study discriminant validity was accessed through Fornell and Lacker (1981) criteria and approached Heterotrait-Monotrait (HTMT), which shows that values of factor loadings are greater than the cross loading, establishing the evidence of discriminant validity between the constructs. (See table 4.3)

Table 4.3: Discriminant Validity Measures

	OP	RI	RC	ES	ST	SC	TD
Organizational Performance (OP)	0.817						
Rewards & Incentives (RI)	0.224	0.831					
Risk & Conflict (RC)	0.576	0.286	0.727				
Satisfaction (ES)	0.296	0.393	0.294	0.902			
Structure (ST)	0.162	0.602	0.401	0.425	0.833		
Support & Commitment (SC)	0.241	0.289	0.150	0.447	0.142	0.750	
Training & Development (TD)	0.301	0.395	0.296	0.987	0.459	0.423	0.825

The assessment of the measurement model, which is a prerequisite for smartPLS structural model analyses (see figure 4.1). The statistical significance of the structural model was determined through of path coefficient, statistical t-values, and standard error. Thus, the hypothesis was tested. This was done through bootstrapping procedure in smartPLS for the main effect, and mediating effect models. Similarly, coefficient of determination (R²) was also used, based on Chin (2003) and Cohen (2013) to assess the variance explained in the outcome/dependent variable by the predictor/independent variables.

Figure 4.1: Complete Measurement Model with Cross Loadings



4.2. Hypothesis Testing

The hypothesized relationships were tested and their results are presented below (See table 4.4). the result of hypothesis testing revealed that there is no significant positive relationship exist between Organizational Performance and Rewards and Incentives ($\beta = 0.058$, $t = 1.15$, $p = 0.251$), Risk and Conflict ($\beta = 0.048$, $t = 0.808$, $p = 0.419$), Support and Commitment ($\beta = 0.045$, $t = 0.956$, $p = 0.339$). respectively. In the nutshell P-Value is above the level of significance 0.05, Therefore alternate hypothesis is rejected. Whereas, there is significant positive relationship of Organizational Performance exist between Training and Development ($\beta = 0.082$, $t = 0.1671$, $p = 0.096$), structure ($\beta = 0.150$, $t = 2.575$, $p = 0.01$), and Reward and Incentive ($\beta = 0.222$, $t = 4.412$, $p = 0.00$). This means that our

H1 is accepted, thus organizational climate predicts a significant positive effect on organizational performance.

Moreover, the results are insignificant, indicating no significant positive relationship exist between employee satisfaction with Support and Commitment ($\beta = 0.008$, $t = 0.905$, $p = 0.366$) and Structure ($\beta = 0.015$, $t = 1.681$, $p = 0.097$). whereas the results have statistically significant positive relationship of employee satisfaction with Training and Development ($\beta = 0.143$, $t = 2.916$, $p = 0.004$), Reward and incentive ($\beta = 0.222$, $t = 4.412$, $p = 0.00$), Risk and Conflict ($\beta = 0.027$, $t = 2.105$, $p = 0.036$). Hence, H2 for Organizational climate predicts a significant positive effect on employee job satisfaction is also accepted.

Furthermore, the relationship of employee satisfaction (ES) – Organizational Performance (OP) value of path coefficients (0.094) indicates a positive association between both variables. The corresponding t-statistics value is 1.793 with a p-value of less than 10% level of significance ($p = 0.074$). This means that our H3 is accepted, and we can interpret that employee job satisfaction has a direct influence on organizational performance.

The Mediation statistics revealed that there is a direct positive relationship of organizational performance with the mediating role of employee satisfaction as indicated in statistics that Rewards and Incentives (RI) – Employee Satisfaction (ES) – Organizational Performance (OP) ($\beta = 0.028$, $t = 1.982$, $p = 0.048$), Training and Development (TD) – Employee Satisfaction (ES) – Organizational Performance (OP) ($\beta = 0.024$, $t = 1.847$, $p = 0.065$), Risk and Conflict (RC) – Employee Satisfaction (ES) – Organizational Performance (OP) ($\beta = 0.042$, $t = 2.566$, $p = 0.011$). Support and Commitment (SC) – Employee Satisfaction (ES) – Organizational Performance (OP) ($\beta = 0.031$, $t = 2.491$, $p = 0.013$), and Structure (ST) – Employee Satisfaction (ES) – Organizational Performance (OP) ($\beta = 0.026$, $t = 2.24$, $p = 0.026$) respectively. Thus, our H4 is accepted, and support the relationship between organizational climate and performance mediated by employee's job satisfaction.

Table 4.4: Direct Hypothesis and Mediating Testing

Sr. #	Hypothesis	beta	t-stat	p-value	Decision
H ₁	RI -> OP	0.058	1.15	0.251	Rejected
H ₂	TD -> OP	0.082	1.671	0.096***	Supported
H ₃	RC -> OP	0.048	0.808	0.419	Rejected
H ₄	SC -> OP	0.045	0.956	0.339	Rejected
H ₅	ST -> OP	0.150	2.575	0.01*	Supported
H ₆	ES -> OP	0.094	1.793	0.074***	Supported
H ₇	RI -> ES	0.222	4.412	0.00**	Supported
H ₈	TD -> ES	0.143	2.916	0.004*	Supported
H ₉	RC -> ES	0.027	2.105	0.036*	Supported
H ₁₀	SC -> ES	0.008	0.905	0.366	Rejected
H ₁₁	ST -> ES	0.015	1.681	0.097	Rejected
H ₁₂	RI -> ES -> OP	0.028	1.982	0.048*	Supported

H₁₃	TD -> ES -> OP	0.024	1.847	0.065**	Supported
H₁₄	RC -> ES -> OP	0.042	2.566	0.011*	Supported
H₁₅	SC -> ES -> OP	0.031	2.491	0.013*	Supported
H₁₆	ST -> ES -> OP	0.026	2.24	0.026*	Supported

Note: * $p < 0.01$; ** $p < 0.05$; *** $P < 0.10$

5. Managerial Implications and Future Research

Organizational climate and its perception by the employees have great significance for both individuals and organizations. anticipated to impact the organizational performance. It is an empirical truth that human capital creates a great value to achieve organizational goals and sustainable revenue for the organization in the long term. whereas the concept of performance holds a vital position to ensure customer as well as employee satisfaction, that is why the researchers are concerned with the subject of organizational performance of banking sector.

A significant role of organizational climate can never be neglected for employee productivity and organizational performance. A virtuous culture of organization confirms improved participation, less absenteeism and work assurance, thereby higher employee productivity and organizational performance. Therefore, it is concluded that the quality of organizational climate is key to determine employee productivity level, satisfaction and performance in the organization. A structured chain of command is recommended to provide a good working environment, boosting employees' satisfaction and organizational efficiency. A culture of learning and training should encourage to lift up employees' capabilities to meet the job requirements. Initiative-oriented culture should be encouraged by the senior management to encounter future challenges. As greater the employee satisfaction higher the organization productivity.

This research is not free from limitations. Firstly, this was a small-scale study and researchers have no funding for this research. The data for this study is collected from only one city from the employees working in Islamic banks. Therefore, we cannot generalize this study's results to other organization setups other than the banking sector. Future researchers can also make a comparison of Islamic and conventional banks' organizational culture and employee satisfaction. This research may also be conducted to other areas of Punjab and Pakistan for more pragmatic insights.

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