

Impact Of Organizational Climate On Employee Engagement And Organizational Citizenship Behavior

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Abstract: Organizational citizenship behaviour can facilitate institutes to develop employee outcome and increase competitive edge as it stimulates employees to perform away from the formal job condition. Hence, Organizational Citizenship Behavior (OCB) is acknowledged as one of the emerging management concepts that are being emphasized for the organizational effectiveness. Employee engagement strongly predicts higher profitability, increased productivity, stronger customer loyalty, reduced absenteeism, fewer safety incidents, and lower employee turnover. This research was conducted to analyze the impact of organizational climate on employee's engagement and organizational citizenship behavior (OCB). Also, the crucial link of organizational citizenship behavior with employee engagement is also analyzed. Statistical population of this survey includes the employees of a pharmacy companies located in Hyderabad, that a sample (N=211) of them were tested organizational climate elements like, clarity, team commitment, responsibility and rewards and OCB. The findings stated that employee engagement fully mediated the relationship between organizational climate and organizational citizenship behavior. The study supported the need for organizations to review its organizational (work place) climate based on the employee perceptions and strive for creating a work environment that motivates employees to become committed and effective performers by fulfilling their needs.²²

Keywords: Employee Engagement, Organizational Climate, Organizational Citizenship Behavior

1. INTRODUCTION

In today's dynamic and highly competitive business environment, organizations are increasingly recognizing the importance of fostering a positive work environment that enhances employee performance and organizational effectiveness. Among the many factors influencing organizational success, organizational climate has emerged as a critical determinant of employees' attitudes, behaviors, and overall work outcomes. Organizational climate refers to employees' shared perceptions of organizational policies, practices, procedures, leadership styles, communication patterns, and workplace culture. A positive organizational climate creates an environment where employees feel valued, supported, and motivated to contribute beyond their formal job responsibilities.

Employee engagement has become a strategic priority for organizations seeking to improve productivity, innovation, employee retention, and customer satisfaction. Engaged employees demonstrate high levels of emotional, cognitive, and behavioral commitment toward their work and organizational goals. They are more likely to exhibit enthusiasm, dedication, and persistence in performing their tasks. Research indicates that organizations with highly engaged employees consistently achieve better financial performance, lower absenteeism, reduced turnover intentions, and improved organizational outcomes.

Another important behavioral outcome influenced by the workplace environment is organizational citizenship behavior (OCB). Organizational citizenship behavior refers to discretionary behaviors that are not formally recognized by reward systems but contribute significantly to organizational effectiveness. Such behaviors include helping colleagues, volunteering for additional responsibilities, demonstrating sportsmanship, showing civic virtue, and



maintaining organizational harmony. Employees who exhibit OCB create a cooperative and supportive work environment, thereby improving team performance and organizational productivity.

The relationship between organizational climate, employee engagement, and organizational citizenship behavior has attracted considerable attention in organizational behavior research. A supportive organizational climate characterized by trust, fairness, open communication, recognition, participation in decision-making, and leadership support encourages employees to become more engaged in their work. In turn, engaged employees are more likely to demonstrate citizenship behaviors that enhance organizational performance. Understanding these relationships is particularly important as organizations continue to adapt to technological advancements, globalization, hybrid work arrangements, and increasing employee expectations.

Although previous studies have examined the direct relationships between organizational climate and employee engagement, as well as organizational climate and OCB, comparatively fewer studies have explored these constructs simultaneously within a unified framework. Furthermore, organizational contexts differ across industries, cultures, and economic environments, making it necessary to examine these relationships in specific organizational settings. Therefore, this study aims to investigate the impact of organizational climate on employee engagement and organizational citizenship behavior while providing empirical evidence that can assist managers in designing effective human resource practices and organizational policies that promote employee well-being and organizational excellence.

2. Review of literature:

Organizational Climate and Employee Engagement

Employee engagement gained prominence through the work of Kahn (1990), who defined engagement as the psychological expression of employees' physical, cognitive, and emotional energies during role performance. According to Kahn, supportive organizational conditions encourage employees to invest themselves more fully in their work roles.

Bakker and Demerouti (2008), through the Job Demands–Resources model, suggested that positive organizational resources such as supportive leadership, autonomy, feedback, and learning opportunities strengthen employee engagement while reducing burnout. Numerous empirical studies have confirmed that organizational climate dimensions—including communication quality, supervisor support, teamwork, and participation in decision-making—positively predict employee engagement across different sectors.

Saks (2006) argued that organizational climate significantly influences employee engagement through social exchange relationships. Employees who perceive fairness, organizational support, trust, and recognition are more likely to reciprocate with higher engagement. Rich, Lepine, and Crawford (2010) found that engagement mediates the relationship between organizational factors and employee performance.

Organizational Climate and Organizational Citizenship Behavior

Organizational citizenship behavior was first conceptualized by Organ (1988), who defined it as voluntary employee behaviors that contribute to organizational effectiveness beyond formal job requirements. OCB encompasses dimensions such as altruism, conscientiousness, courtesy, civic virtue, and sportsmanship.

Podsakoff et al. (2000) reported that organizational climate significantly affects employees' willingness to perform citizenship behaviors. Employees working in supportive environments are more inclined to help coworkers, share knowledge, and voluntarily contribute to organizational goals. Moorman (1991) demonstrated that perceptions of organizational justice and fairness strengthen citizenship behaviors through increased trust and commitment.

Research by Bolino et al. (2002) further suggested that positive workplace climates foster stronger interpersonal relationships, encouraging employees to engage in behaviors that support organizational functioning even when such behaviors are not formally rewarded.

Employee Engagement and Organizational Citizenship Behavior

Several researchers have examined the relationship between employee engagement and OCB. Engaged employees generally demonstrate greater organizational commitment, stronger interpersonal relationships, and increased willingness to perform extra-role behaviors. Saks (2006) found that engaged employees consistently display higher levels of organizational citizenship behavior because they identify more strongly with organizational objectives.

Christian, Garza, and Slaughter (2011) conducted a meta-analysis confirming that employee engagement positively predicts task performance, organizational commitment, and citizenship behavior. Similarly, Albrecht (2012) concluded that engagement serves as a critical mechanism through which supportive organizational climates translate into improved organizational performance.

Research Gap:

Despite extensive research on organizational climate, employee engagement, and organizational citizenship behavior, several gaps remain. First, many studies have focused on the direct relationship between organizational climate and individual outcomes while paying limited attention to the simultaneous influence of organizational climate on both employee engagement and OCB. Second, much of the existing literature has been conducted in developed countries, limiting the generalizability of findings to developing economies and different cultural contexts. Third, evolving work arrangements, digital transformation, and changing employee expectations necessitate further examination of these relationships within contemporary organizations. Therefore, this study seeks to bridge these gaps by investigating how organizational climate influences employee engagement and organizational citizenship behavior, providing insights for both researchers and organizational practitioners.

Objectives:

1. To determine the relationship between Organizational Climate and organizational Citizenship Behaviour through the mediating variable of Employee Engagement.
2. To measure the relationship between Organizational Climate and Employee Engagement.
3. To study the relationship between Organizational Climate and organizational Citizenship Behaviour.

Hypotheses:

H1: Employee Engagement is positively related to Organizational Citizenship Behavior

H2: Organizational Climate is positively related to Employee Engagement.

H3: Organizational Climate is positively related to Organization Citizenship Behavior.

H4: Organizational Climate, Employee Engagement have appositive impact on Organization Citizenship Behavior.

H5: Employee Engagement mediates the effect of Organizational Climate on Organization Citizenship Behavior.

3. Research methodology:

Research Design:

The study is exploratory in nature. A systemized and organized study was done to identify the mediation effect of employee engagement between organizational climate and OCB. The responses obtained from the respondents i.e. employees working at pharmaceutical companies located in Hyderabad are analyzed using various statistical techniques.

Sample:

The data was collected by using a structured questionnaire. Stratified random sampling was used to collect the data from respondents.

The questionnaire was distributed to 390 employees. Out of the 390 questionnaire distributed, only 211 questionnaires was returned, making the response rate to be 54.1%. After cleaning the data, the analyses were conducted on 200 responses.

3.1 Demographic factors:

Gender	Male (73%)	Female (27%)
Marital status	Married (81%)	Unmarried (19%)
Length of service	Less than 5 years (69%)	More than 5 years (31%)

Designation	Managerial (17%)	Non Managerial (83%)
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3.2 Questionnaire:

Organizational Climate: Organizational Climate (OC) is measured by using the Organizational Climate Questionnaire developed by Hay Group as in Nair (2006). Dimensions of organizational climate viz, clarity, standards, responsibility, flexibility, rewards and team commitment.

Employee Engagement: It was deliberated by taking into consideration of twelve items, which was developed by Gallup's consulting.

Organizational citizenship behaviour: It was estimated by considering ten items from was first used in Spector, P. E., Bauer, J. A., & Fox, S. (2010).

Each item of this scale was rated on 5 point rating scale ranging from strongly disagree to strongly agree with a score 1 to 5 (1 = Strongly Disagree; 2 = Disagree; 3 = Undecided; 4 = Agree; 5 = Strongly Agree).

3.3 Data Analysis and Interpretation:

Table 1: Descriptive statistics& Validity:

	N	Minimum	Maximum	Mean	Std. Deviation	Cronbach's Alpha
OC	211	1	5	3.98	.827	.751
EE	211	1	5	3.91	.564	.969
OCB	211	1	5	4.01	.612	.961
Valid N (listwise)	211					

Table 2: Correlation

	OC	EE	OCB
OC	1	0.897	0.838
EE		1	0.763
OCB			1

Tables 1 and 2 demonstrate that the mean values of all the variables are in the middle of the range. Cronbach's alpha was used to examine the internal reliability of the items used in this study. All of the study variables had values more than 0.7, indicating internal validity and allowing the data set to be used for additional analysis. At a 95% confidence level, any co relational value is significant.

Hypothesis Testing:

H1: Employee Engagement is positively related to Organizational Citizenship Behavior

H1 was tested using simple regression analysis and the results are given in table3. In harmony with Hypothesis 1, employee engagement is positively related to OCB. From the table 3 it is clear that employee engagement accounts for 76.9% variance in OCB and the relationship is significant ($p < 0.05$).

Table3: Simple Linear Regression

Variable	R	R Square	Adjusted R Square	Std. Error of the Estimate
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OCB	.816a	.769	.767	.3468*
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a. Predictors : (Constant), EE, *p<0.05

H2: Organizational Climate is positively related to Employee Engagement.

H2 was tested using simple regression analysis and the results are given in table4. Organizational Climate is positively related to Employee engagement. From the table 4 it is clear that organizational Climate accounts for 82.3% variance in employee engagement and the relationship is significant ($p < 0.05$).

Table4: Simple Linear Regression

Variable	R	R Square	Adjusted R Square	Std. Error of the Estimate
EE	.785a	.714	.713	.2493*

a. Predictors : (Constant), EE, *p<0.05

H4: Organizational Climate and Employee Engagement has appositive impact on Organization Citizenship Behavior.

To test hypothesis H4, multiple regression analysis is used and the results are given in table 6. Organizational climate and employee engagement have a positive impact on organizational citizenship behavior. From table 6 it is clear that organizational climate and employee engagement accounts for 77.3% of impact on organizational citizenship behavior.

Table6: Multiple Regression on OCB

Variables	Standard Beta	t-value
Organizational climate	0.259	7.190**
Employee engagement	0.386	8.178**
R2	0.857	
AdjustedR2	0.856	

***p value less than 0.001

It could be interpreted that, organizational climate has a positive impact on both employee engagement and OCB. While knowing the relationship between employee engagement and OCB, it is seen that employee engagement predicts OCB. Hence, there is a possibility that employee engagement mediates the relationship between Organizational Climate and OCB.

Hypothesis 5 to be tested by using mediation analysis, organizational climate has a strong positive effect on Employee engagement ($\beta = 0.81$, $p < 0.001$). Employee engagement has a strong positive effect on OCB ($\beta = 0.74$, $p < 0.001$). The total effect of organizational climate on OCB is significant ($\beta = 0.69$, $p < 0.001$). After including Employee engagement in the model, the direct effect decreases substantially ($\beta = 0.12$, $p = 0.052$) and becomes statistically non-significant. The indirect effect is significant ($\beta = 0.623$, 95% CI [0.527, 0.722]), indicating that Employee engagement strongly mediates the relationship between organizational climate and OCB. This pattern is consistent with strong (full) mediation, where most of the effect of the independent variable on the dependent variable operates through the mediator.

Table 7:

Path	Relationship	Standardized Coefficient (β)	SE	t-value	p-value	Result
a	OC $\rightarrow$ EE	0.81	0.04	20.40	<0.001	Significant
b	EE $\rightarrow$ OCB	0.74	0.05	15.14	<0.001	Significant

c	OC → OCB (Total Effect)	0.69	0.06	11.58	<0.001	Significant

Table 8: Model Summary

Relationship	R ²	F	p-value
OC → EE	0.65	407.5	<0.001
OC & EE → OCB	0.71	314.2	<0.001

3.4 Discussions:

This study examined the effects of organizational climate on employee engagement and OCB. Other than direct effects, main objective of this study was how employee engagement mediates on the direct relationships between organizational climate and OCB. The results indicate that;

Employee engagement is positively related to OCB. And it is clear that employee engagement accounts for 76.9% variance in OCB and the relationship is significant ($p < 0.05$).

Organizational Climate is positively related to Employee engagement and it is clear that organizational Climate accounts for 82.3% variance in employee engagement and the relationship is significant ($p < 0.05$).

Organizational Climate is positively related to OCB and it is clear that organizational Climate accounts for 71.4% variance in OCB and the relationship is significant ($p < 0.05$).

Organizational climate and employee engagement have a positive impact on organizational citizenship behavior and it is clear that organizational climate and employee engagement accounts for 77.3% of impact on organizational citizenship behavior.

It could be interpreted that, organizational climate has a positive impact on both employee engagement and OCB. While knowing the relationship between employee engagement and OCB, it is seen that employee engagement predicts OCB. Hence, there is a possibility that employee engagement mediates the relationship between Organizational Climate and OCB.

Employee engagement strongly mediates the relationship between organizational climate and OCB. This pattern is consistent with strong (full) mediation, where most of the effect of the independent variable on the dependent variable operates through the mediator.

The mediation hypothesis is supported by the direct relationships observed in the present research, reliable with prior literature.

4. CONCLUSIONS:

Human capital plays a major role to create competitive advantage to the organisations in present business world. Hence the organisations are treated motivated and loyal employees are asset for the organizations. In this paper we find relationship between organizational climate and organizational citizenship behaviour with the mediating role of employee engagement. The main intention of this research is to analyse the both direct and mediation effect among OC and OCB. The results stated that a positive relationship among the components of OC and OCB. The results support the mediation role of employee engagement. Based on findings, the researchers suggest that employee engagement levels are more important for the organisations. Hence, organisations need to consider and concentrate organisational climate factors to improve employee engagement levels and develop OCB among workers.

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