

# The Role of Organizational Climate and Quality of Working Life in Improving Employee Performance

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**Abstract:** This study aims to analyze the role of organizational climate and quality of work life in improving employee performance. A conducive organizational climate and a good quality of work life are believed to create a productive work environment, increase motivation, and strengthen employee commitment to the organization. The method used in this study is a quantitative approach with survey techniques on a number of employees at the Human Resources Development Agency (BPSDM) of South Sulawesi Province. Data analysis was carried out using Partial Least Square Analysis (PLS) is a variant-based structural equation analysis (SEM) that can simultaneously test measurement models as well as structural model tests to test causality relationships between latent variables constructed. The results of the study show that the quality of work life has a significant effect on employee performance, the organizational climate has a significant effect on employee performance. This shows that efforts to improve employee performance should be focused on improving the quality of work life, such as improving work balance and supportive working conditions. These findings indicate the importance of management's efforts in creating a supportive work culture and providing facilities and policies that support work-life balance for employees so that performance can improve.

## INTRODUCTION

Human resources are one of the important assets for the organization because they play a direct role in achieving the goals and operational success of the organization. In an increasingly competitive world of work, organizations are required to continuously improve effectiveness and efficiency to achieve their goals. One of the determining factors for the success of an organization lies in the quality of its human resources. Therefore, employee performance is a key factor in determining the success of the organization. However, employee performance is not only influenced by individual abilities and competencies, but also by environmental and organizational factors. Two factors that are very important in influencing employee performance are the organizational climate and the quality of work life.

Organizational climate refers to the work atmosphere and environment felt by employees in the organization. A positive organizational climate can increase employee motivation, job satisfaction, and performance. Meanwhile, the quality of work life refers to the extent to which the organization pays attention to the welfare and needs of employees, so that they can work comfortably and effectively.

In addition, the quality of work life also plays a significant role in supporting employee performance. The quality of work life includes various aspects, such as work-life balance, occupational safety and health, appreciation for employee contributions, and opportunities for growth. Employees who feel that their well-being is cared for tend to show higher dedication and better performance. Seeing the importance of these two aspects, it is necessary to conduct an in-depth study of the role of the organizational climate and the quality of work life in improving employee performance. This research is expected to contribute to the development of managerial strategies that are oriented towards improving employee welfare as well as overall organizational performance.

One of the theories of individual performance that explains that performance is a function of ability (Ability), effort (Effort) and support (Support). The ability factor is related to the ability possessed by employees in achieving performance to advance the organization, then for the business factor is the effort made by a person who is influenced by human resource problems, such as motivation, incentives and employee work design at work, then the support factor is organizational support such as training, management consistency, clear and fair employee career development, The equipment provided is adequately expected (Mathis & Jackson, 2012).

Among the three functions of performance, this study tries to observe two of the three individual performance functions, namely the Ability function that to create high performance requires the ability of employees to create harmonious relationships both between fellow employees and with superiors through the creation of a healthy organizational climate. The creation of a healthy organization is carried out by creating a conducive environment (Syaifudin, 2021), through the creation of a good organizational climate as the initial capital of an agency to be able to improve employee performance.

Organizational climate is a series of work environment conditions that are directly or indirectly felt by employees, the climate surrounds and affects all organizational work matters, Karundeng (2021). The better the climate of an organization, the higher the performance produced by employees. This statement is proven through the research of Setiawan, E., & Suci, R. P. (2024). provide evidence that the organizational climate has a positive and significant effect on employee performance.

The second function that can form high performance is effort that requires hard effort from employees to create a good quality of work life. To be able to improve the quality of a good work life, it can be done by providing a sense of security to employees, job satisfaction, and appreciation that have an impact on the creation of the dignity and dignity of employees, so as to create a good quality of work life.

The quality of work life is the company's effort to create a sense of security and satisfaction at work in order to realize the company's goals. The quality of work life has an important role in the course of work activities, where leaders and subordinates must be able to determine and carry out activities with an agreement in carrying out work activities. Nawawi, (2015). The quality of work life acts as a forum for employees to contribute (their role) to the organization in order to achieve goals, the existence of the quality of work life fosters the desire of employees to stay in the organization Anisah (2017).

The better the quality of work life in a company, the higher the performance produced by employees. This statement is in accordance with the findings of previous researchers conducted by Retnowati, E., at.al (2023) provides evidence that the quality of work life (capacity, safety, communication, role, benefits, satisfaction and fairness) has a positive and significant effect on employee performance as measured by indicators of consistency, effort, time, commitment and quality, The same results are shown in the research of Imron, R., & Margono, H. (2024) that the organizational climate has a significant positive effect to employee performance.

## **RESEARCH METHODS**

This study uses a quantitative approach with the aim of measuring the extent of the role of organizational climate and quality of work life on employee performance. The quantitative approach was chosen because it is able to provide objective and measurable data through standardized instruments. The research design used is explanatory design, which is research that aims to explain the causal relationship between the variables being studied. In this case, the independent variable consists of the organizational climate and the quality of work life, while the dependent variable is employee performance.

Data analysis was carried out using Partial Least Square (PLS) Regression Analysis, which is a variant-based structural equation analysis (SEM) that can simultaneously test measurement models as well as structural model tests to test causality relationships between latent variables that are constructed.

The population in this study is all employees of the Human Resources Development Agency (BPSDM) of South Sulawesi Province which totals 128 respondents. The sample used in this study is a saturated sample, which is a sample determination technique when all members of the population are used as samples.

## RESULTS AND DISCUSSION

### **Validity Test (Instrument Validity)**

The validity test results met the discriminant validity because the cross loading value on all indicators was greater than 0.70. The highest discriminant validity value in the variable quality of work life is shown in the quantity indicator which is the respondent's response to the workload and the amount of work given to employees is in accordance with the target and can be completed properly. The lowest construct validity value is evidenced in the growth indicator, which is a respondent's response to a complicated job that is much easier and it is believed that employees can thrive thanks to the help of their superiors and colleagues.

### **Reality Test (Instrument Reliability)**

Table 1. Reliability Test (Instrument Reliability)

Indicators/Vari ables	Original Sample (O) > 0.70	T Statistics (  O/STDEV  ) > 1.96	P Values < 0.05
IOG	0,910	31,468	0,000
KKK	0,924	33,774	0,000
Performance	0,921	33,741	0,000

Source: processed data, 2025

The value of construct reliability or composite reliability in the analysis results shows that the composite reliability is greater than 0.70 so that it can be stated if the construct realism requirements are met because this study is a confirmatory factor. The highest composite reliability value is shown through the variable quality of work life is 0.924 greater than 0.70 and the lowest is evidenced by the organizational climate 0.910 greater than 0.70. These results provide evidence that the variables used in this research model have high data reliability so that it is conditional to continue in testing the Partial Least Square assumption.

### **Partial Least Square (PLS) Assumption Test**

The results of the linearity assumption test were obtained that the relationship between organizational climate, quality of work life and employee performance was said to be linear because the significance level was less than 5 percent ( $p > 0.05$ ). The test results can be concluded that all relationships between the variables contained in the structural model are linear, so that the linearity assumption in the PLS analysis is fulfilled. Thus, it proves that the data used meets the requirements of linearity and can be carried out at the next stage of analysis.

## Partial Least Square (PLS) Analysis Results

### 1. Discriminant Validity

Table 2. Discriminant validity

<b>Fornell larcker criterio n</b>	<b>IOG</b>	<b>KKK</b>	<b>Performanc e</b>
<b>IOG</b>	<b>0,837</b>		
<b>KKK</b>	0,821	<b>0,855</b>	
<b>Performance</b>	0,812	0,806	<b>0,863</b>

Source : processed data,, 2025

The table above shows that the results of the fornell-larcker criterion test can be found that the square root of the AVE of the organizational climate variable is equal to 0.837 greater than the correlation value of organizational climate with quality of work life = 0.821, and the organizational climate with employee performance is equal to 0.812. The square root of the AVE variable of the quality of work life = 0.855 is greater than the correlation value of employee performance with the quality of work life = 0.806 and finally the square root of the AVE variable of employee performance = 0.863, indicating that the requirements of discriminant validity have been met.

### 2. Convergent Validity

Measuring the validity of the indicator as a construct gauge, can be seen from the outer loading. The indicator is considered valid if it has an outer loading value above 0.70 is highly recommended, however, the loading factor value of 0.50-0.60 can still be tolerated with a t-statistic value above 1.96 or a p-value < 0.05. From the outer loading value, the contribution of each indicator to the latent variable can also be interpreted.

#### 1. Composite Validity

##### a. Cronbach's alpha analysis

The results of the analysis showed that Cronbach's alpha value of the organizational climate variable was 0.857, the quality of work life was 0.877 and employee performance was 0.885. This means that all three latent variables analyzed have good Cronbach's alpha reliability because their values are greater than 0.70.

##### b. Composite reliability

The results of the analysis showed that the composite reliability value of the organizational climate variable was 0.904, the quality of work life was 0.916 and employee performance was 0.921. This means that the three latent variables analyzed have good composite reliability because their values are greater than 0.70. It can be concluded that all instruments used in this study have met the criteria or are suitable for use in the measurement of all latent variables, namely: organizational climate, quality of work life and employee performance, because they have high suitability and reliability.

## Structural Model Testing

Table 3. Test Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
<b>IOG -&gt; Performance</b>	0,462	0,421	0,057	8,102	<b>0,000</b>
<b>KKK -&gt; Performance</b>	0,426	0,497	0,048	8,826	<b>0,000</b>

Source: processed data, 2025

Based on the table above, the exogenous variable if the T-statistic value is  $> 1.96$  or P values with a value of  $< 0.05$ .

1. The Organizational Climate has a significant effect on employee performance can be seen in the table. The T-statistic value shows a number of  $8,102 > 1.96$  and can also be proven by the P value of  $0.000$  less than  $0.05$ . This proves that the Organizational Climate has a positive and significant effect on employee performance. This is in line with research conducted by Susilo, et al., (2023) which states that the organizational climate has a significant effect on employee performance.
2. The quality of work life has a significant effect on employee performance can be seen in the table. The T-statistical value shows a number of  $8,826 > 1.96$  and can also be proven by the P value of  $0.000$  less than  $0.05$ . This proves that the Quality of Working Life has a significant effect on employee performance. This is supported by research conducted by Hefni (2022) providing evidence that the quality of work life measured by growth, participation, environment, supervision, salary, social relations and integration has a positive and significant effect on employee performance.
3. The dominant variable that affects employee performance is the quality of work life as evidenced by a t-statistic value that is greater than the organizational climate variable of  $8,826 > 8,102$ . It can be concluded that the quality of work life is dominant in having a significant effect on employee performance compared to the quality of work life.

## CONCLUSION

Based on the results of research and discussions that have been stated, the creation of high employee performance cannot be done without the support of the organizational climate and the quality of work life. To be able to improve employee performance, the organizational climate is not able to do it directly, so it needs support for the quality of work life so that employee performance can be improved.

The expected performance creation can be done by increasing additional income so that employee performance can increase. Improving the organizational climate is carried out by providing responsibility according to the abilities of employees and minimizing conflicts between fellow employees and with superiors by providing a quick response in resolving conflicts that occur. Structured efforts are needed to improve the quality of work life through the creation of a good environment and employee prudence at work to minimize mistakes in the work done by employees.

The success of the organization in achieving the goals that have been determined is inseparable from the participation of human beings as members who have the ability and willingness to help various agency activities. One of these human resources is the head of the agency. One of the efforts made by agency leaders is to create a conducive work environment or organizational climate. This means that leaders must be able to create a good and healthy

organizational climate, so that employees can work optimally so that they can improve performance.

In addition, leaders must also provide a good quality of work life to the agency, in other words, if they want to improve performance through the quality of work life, they must create or improve the work environment factors in the agency. Work environment factors include safety conditions, hygiene and health guarantees, general comfort conditions, work safety guarantees, and support for work environment conditions first as the success of employee performance. Judging from the direct influence of the organizational climate, the quality of work life has a significant positive effect on employee performance.

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