



# Impact of Organizational Climate and Leadership Style on Human Capital Performance: Conceptual Analysis

**Moses Sebastian K. Azameti**  
Center for Graduate Studies  
Adventist University of the Philippines  
[moses.azameti@wiuc-ghana.edu.gh](mailto:moses.azameti@wiuc-ghana.edu.gh)  
[mosesazameti.46@gmail.com](mailto:mosesazameti.46@gmail.com)

---

## Abstract

This paper presents a Conceptual Case analysis with a review of literature on organizational climate, leadership styles and human capital performance which are perceived of influencing organizational effectiveness. There is no doubt that an organization may claim to have all that it takes to achieve its goals, however without a conducive climate with an all-round leadership atmosphere, scarcely can goals be achieved. These factors provide the desired impetus for humans to perform in the organization. It means that a prevailing climate in an organization and the leadership behavior are indispensable to the achievement of organizational goals. Previous studies emphasized organizational culture, structure and human capital performance as key levers in achieving a competitive advantage, deserting climate and leadership styles constructs. Another recent study by the Stanford University Business School downgraded the egalitarian styles of leadership in contrast to the hierarchical style of leadership. The study reports concluded that the egalitarian leadership typology has lost its relevance in the contemporary business management environment. Though this assertion may be true due to the realities of the paradox of modern organizational structures and with their diverse culture cocoons, this study, however, emphasizes the egalitarian style of leadership characterized by unique communication behaviors, time-meeting- orientation and relationship with subordinates in conjunction with conducive climate. These provide a better working atmosphere to influence human capital performance that ultimately leads to the effectiveness of organizations. In order to establish the relationship between dependent variables and the independent variable, this study recommends further work to analyze empirical data.

**Keywords:** Organizational Climate, Human Capital, Egalitarianism, Organizational Effectiveness.

Reference to this paper should be made as follows:

Azameti, M. S. K. (2020). Impact of Organizational Climate and Leadership style on Human Capital Performance: Conceptual Analysis. *International Journal of Scientific Research in Education*, 13(2), 244-252.

---

## **INTRODUCTION**

This paper presents an extensive review of current literature on organizational climate, human capital performance, leadership style and the characteristics of an egalitarian leader. This is in line with previous studies in the literature that focused on organizational culture, structure, human capital performance, (Ganu 2018, Jeston & Neils; 2014; William & Ganu 2018; Newman, 2012; Williams & Ganu 2018; Hakim 2015). The earlier researchers claimed that organizational structures and cultures have a positive significant relationship with human capital performance and their overall effects on organizational competitiveness. Somehow, as a sequel to these previous studies the current literature shows that the earlier results were not conclusive on the depth of knowledge in this study domain. It is against this background that this paper seeks to include the climate of an organization, style of leadership in conjunction with human capital performance which equally contributes to organizational effectiveness and the competitiveness of organizations. The plausibility of drawing on several elements to constitute a study in the Social Sciences provides an open-loop including an avenue for creativity in the Social Science Research designation. Linking organizational climate and leadership styles satisfy the open-loop and plausibility conceptualization in this research domain.

The concept of organizational climate, appeared in the humanist literature in the (1940s), this was the period during which a writer by name, H. G. Wells published a book titled “The New world order,” advocating for unit of nations and the legal systems to protect the right of individuals not only in the workplace but in societies across the globe. Among the early writers on organizational climate were Lawrence (1943-2014); James and Bowman (1989); Jones and James (1979); Joyce and Slocum (1984). It is also important to note that challenges were initially experienced in determining what an organizational environment is and how to accurately assess it at various analytical scales (Mark, Karen, Benjamin & Schneider, 2015).

This concept has become an important metaphor in describing the social systems and work environments in recent times but with very little representation in literature as compared to organizational structures, culture, and human capital (onlinelibrary.wiley.com). Organizational climate is seen as one of the key factors that influence employee perceptions of involvement (Zaoui et al., 2017). Besides, the study of Mwaura (2018) further shows that supportive climate and employee commitment significantly predict employee’s involvement variables and organizational effectiveness. Sayyed (2019) in Toulson and Smith (1994) established a relationship between organizational environment and employee understanding of organizational management practices and the practical realities of many of the concepts associated with non-workplace personnel management practices.

Furthermore, the current conceptualization from which the relationship of climate theory and practical realities and the applications according to Toulson and (1994, 1995) had emerged, is quite ambiguous and lacks clarity. This study seeks to align its self with this assertion based on the fact that organizational climate is derived from an organizational culture with a thin line of dichotomy which makes it almost impossible separating the two hence the cause of ambiguity in the conceptualization and the practical realities in the study domain.

### **Understanding organizational Climate**

According to Garg, Singh and Raja (2017) organizational climate represents employees’ perception of organizational policies, practices, and procedures, it is a pattern of interactions and

behaviors that support the organization. As noted in some literature, the climate of an organization is a surface manifestation of culture, it is oriented with human behavior (Ehrhart, Schneider & Macey, 2013). Organizational climate influence employees' level of commitment in the organization, yet there are very few studies that discuss the extent to which it influences human behavior. This paper agrees that organizational climate forms the thread of labyrinth of ideas that galvanize the relationship among employees that give the meaning of what people do in an organization which determines the extent to which they are willing to work. Some characteristics of organizational climate is that it is rule-oriented, strict procedures and perception about stability or instability. The measuring of organizational climate in the Journal of Contemporary Criminal Justice (2019) begins with series of question items such as: How do people feel in the organization, what areas in the establishment are perceived as problematic and what is the priority area when planning measures and changes.

This idea is supported in the study of Jarry (2011) saw the climate of human services-oriented organization as a conundrum or mystery difficult to explain its effects on behavior and perception of people. According to Forehand and Gilmer (2019), climate consists of a set of characteristics that describe an organization, distinguish it from other organizations that are relatively enduring over time and influence the behavior of individuals within and outside an organization ([www.yourlibraryarticle.com](http://www.yourlibraryarticle.com)). Tagiuri and Petrullo (1958) identified five factors that affect the premise's structural climate. These are: (i) instruction or intent activities in setting goals for their work, growth and input, (ii) incentives for individual initiative exercises, (iii) working with the World Health Organization is highly competitive and competent. (iv) a cooperative and friendly man, (v) a profitable and sales-oriented business. KATZ, and so forth. Al (2019) knew five factors that had an impact on the individual performance of the organization; (i) I govern orientation, subordinate nature, (ii) closeness of control, (iii) theological doctrine, (iv) promotional achievement orientation. James and Jones (1974). The following factors influencing the climate structure have been classified: (i) organizational context: mission, goals and goals, operation, etc. (ii) structure: size, degree of centralization and procedures of operation. (iii) Method of leadership: leadership models, communication, higher cognitive processes, and related processes. (iv) Physical environment: personnel protection, environmental stress and physical building characteristics. (V) Structure of principles and standards: adherence, integrity, impersonality and reciprocity.

Hodgetts and McGravey (2019) divided the structural environment into two major classes; with an example of iceberg wherever an iceberg neighborhood can be seen from the surface and another portion below the water that cannot be seen. The factors to be determined and measured in the visible half are referred to as explicit factors, and hidden factors are also referred to as factors that do not tend to be visible and measurable. Each of these factors is shown in a statistic that is not included in this article as an Associate in Nursing iceberg. The findings from the top of the studies show that it is terribly difficult to generalize the basic contents of the structure environment, these studies were funded. Nonetheless, some broad generalizations are often made, and the findings of most studies in four basic factors can be assumed to be somewhat similar. The considerations are (i) self-sufficiency, (ii) The degree of the compulsory structure of the position, (iii) Guidance for reward, and (iv) Thoughts, water, and support. Organizational climate has an outstanding effect on the workforce's efficiency as a result of it having a serious impact on individual workers productivity and job satisfaction (Sethibe & Steyn, 2018). Organizational atmosphere defines the work environment in which the employee feels happy or unhappy. Since satisfaction determines or influences the employee's

potency, we will say that organizational climate is directly related to the employee's potency and performance.

The organizational climate will impact human behavior within the organization by controlling its performance, satisfaction, and attitudes. There are four mechanisms that affect the behavior of the personnel by climate. System of constraints: The organizational climate will operate in every positive and negative sense as a system of constraints. This can be achieved by supplying the workers with data on what conduct is fairly praised, chastened or ignored. Another study shows that critical differences have been found in individual performance and satisfaction in variable organizational climates. Three forms of organizational environment have been developed as an example during this study: (i) Authoritarian controlled, (ii) Nice Democrat and (iii) doing business. Structural climate can be a general expression of what the organization is. It is the overall perception of the organization that individuals have.

This conveys people's perceptions of the inner environment of the system at times they work. A corporation's climate is seen as factors that are explicit and covert. The specific considerations are Hierarchy, monetary resources, organizational aim, abilities, and workers talents. Technological state, standards of performance, and measurement of potency. Covert considerations include behaviors, emotions, beliefs, expectations, engagement, encouragement, and satisfaction (Sethibe & Steyn, 2018).

### **Human Capital as an organizational Resource**

Human Capital refers to the combination of skill, knowledge, social and private attributes that represent the ability to make an intrinsic and measurable estimate (<https://google.com>). The speculation of human capital sees people and people as economic units that act as their own economy. The role of human capital is widely discussed in economic development, productivity analysis, technology, public policy and education. (Simpleewirtschaftist.com). the amount eighteenth Century is noted because the era within which the thought of human capital performance gained its quality in literature. Within the writings of Irving Fisher, human capital includes the body of personalities and their minds mentioned in (Petrushenko & Petrushenko, 2017). This hunch takes their roots from the 1775 writings of Adam, Smith at the time of the USA historic period as earlier mentioned within the preceding pages of this paper. The fundamental idea of Human Capital Theory is that human expenditure can be measured mathematically, backed by the amount they are willing to contribute to society. Human capital is usually divided into social, political, economic, and symbolic categories. There are many ways in which human capital is developed (<https://www.simpleeconomist.com>).

According to Elías, Mulligan and Murphy (2019) hominid wealth is un-standardized, tactical and dynamic. The setting out of which it evolved is independent and unique in people. This implies that not all human elements that can be found in the organization are capital and capable of performing if earlier preparation is ignored by any means during the three-learning domain such as psychomotor, Cognitive Affective and the general developmental circle of the individual that makes the individual a whole person. Those who bear the tag of being capital cannot be imitated nor replicated in any form desirable. The study of Goldin's (2014), indicated that human capital is liked a stock of talent-packed, physical wellbeing expertise of an employee, stated in (Williams & Ganu 2018; <https://simpleeconomist.com>). Providing a counter perspective to this, Baron (2011), reiterated the resources of people are never concern about the capabilities

they possess but rather, how they are committed to sharing their knowledge and expertise with others which adds value to the organization. Therefore, the researcher proposed that:

**P1:** Organizational Climate has a statistically strong relationship with human resources and their output.

**P2:** Organizational leadership styles have a statistically positive relationship with human output.

### Leadership Styles and Organizational Effectiveness

It has long been established that organizational effectiveness depends on a number of factors that exist both inside and outside the organization (Arent, Arndt, Miller, Zinaman & Tarp, 2017; Pickard, 2019). This paper maintains that leadership style, organizational climate and human capital performance form parts of the major factors that lead to the effectiveness of every organization. This is confirmed by (Druelle-Korn, 2019; Al-Deen & Hendricks, 2013; Liedo, 2017).

The present study presents the Egalitarian leadership style and its attributes that contribute to human capital performance and the effectiveness of an organization. An egalitarian leader favors equality of some kind; people should get the same, or treated as contemporaries and must enjoy the treatment in the establishment.

Lippert-Rasmussen (2018) indicated that egalitarianism is about fighting for equality for all employees in the workplace. An egalitarian leader is straight to the point during communication, time-meeting -orientation and relationship with subordinates in the work environment, Michael and Charlene (1996) indicated that egalitarian leaders are direct-communicators. They provide enough clues on jobs assigned to subordinates. Meetings are held to implement what has been discussed, but not merely inform subordinates about what was intended to be done without their direct involvement in the decision-making processes which is in contrast to the hierarchical leadership meetings behaviors with employees. Thus, as shown in figure 1, this research proposed the third hypotheses as follows:

**P3:** Organizational Climates and leadership behaviors have positive effects on human capital performance in creating organizational effectiveness.

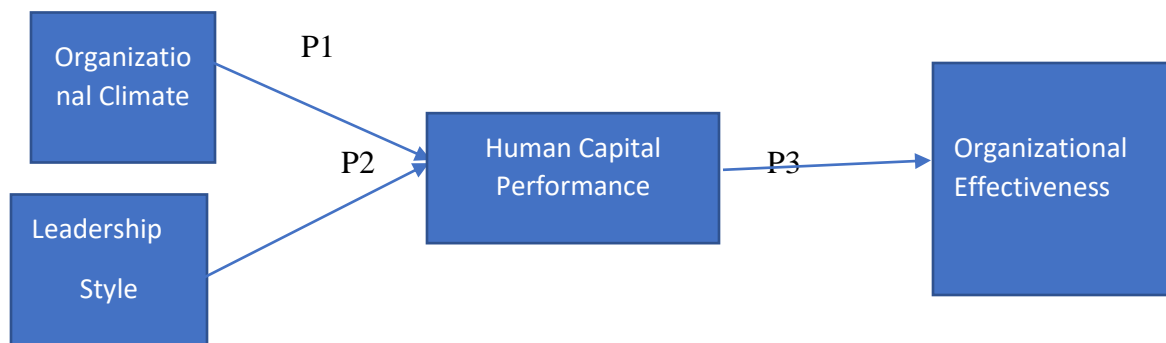


Figure 1: Representation of the perceived impact of the structural system and management style and human out and the impact on Organizational Effectiveness.

**Source: The Researcher's compilation:** It suggests that organizational climate and leadership style in the organizational is significantly related to job performance by the people that ultimately impact organizational effectiveness. This supports the earlier research of Ioana (2013) that emphasized leadership ship style as a factor that contributes to organizational effectiveness among other variables in literature.

## CONCLUSION

Studies have shown that in every establishment both profit and nonprofit, it is the organic structure that posts most challenges and threats to stability and progress of work and achievement. The human beings in their physical and psychological state are influenced by the climate and the leadership roles under which they work. Organizations can boast of the newest technology and all the ubiquitous platform of application including the human capital, but without the needed climate and leadership behaviors nothing can be achieved, say the least. Lastingly, this underscored the point here that it is not enough having good structures and culture of an organization, but the climate and the leadership structures are indispensable if the human capital is to function towards organizational effectiveness.

## REFERENCES

- Age of Ingenuity: Re-imagining 21st Century International Cooperation. (2019). DOI:10.5089/9781484388860.076.
- Deen, H. S., & Hendricks, J. (2013). *Social Media and Strategic Communications*. Basingstoke, England: Springer.
- Alvesson, M. (2012). *Understanding Organizational Culture*. Thousand Oaks, CA: SAGE.
- Amzat, I. (2018). *Predictive Models for School Leadership and Practices*. Hershey, PA: IGI Global.
- Arent, D., Arndt, C., Miller, M., Zinaman, O., & Tarp, F. (2017). *The Political Economy of Clean Energy Transitions*. New York, NY: Oxford University Press.
- Baron-Cohen, S. (2011). *The Science of Evil: On Empathy and the Origins of Cruelty*. London, England: Hachette UK.
- Bontis, N., Dragonetti, N. C., Jacobsen, K., & Roos, G. (1999). The knowledge toolbox: *European Management Journal*, 17(4), 391-402. DOI:10.1016/s0263-2373(99)00019-5.
- Bowman, P. (1989). Introduction. *Handbook of Financial Public Relations*, xiii-xiv. DOI:10.1016/b978-0-434-90182-1.50006-x.
- Canzona, J. (2012). John Henry Newman on Miracles and Skepticism. *Newman Studies Journal*, 9(2), 55-64. DOI:10.5840/nsj20129223.
- Colarelli, S. M., & Arvey, R. D. (2015). *The Biological Foundations of Organizational Behavior*.
- Druelle-Korn, C. (2019). *Feeding Occupied France During World War I: Herbert Hoover and the Blockade*. Basingstoke, England: Springer.
- Ehrhart, M. G., Ehrhart, K. H., & Schneider, B. (2015). Organizational Climate. *Wiley Encyclopedia of Management*, 1-3. DOI:10.1002/9781118785317.weom110073.
- Ehrhart, M. G., Schneider, B., & Macey, W. H. (2013). *Organizational Climate and Culture: An Introduction to Theory, Research, and Practice*. London, England: Routledge.


- Elías, J. J., Mulligan, C. B., & Murphy, K. M. (2019). Sample of The Power of the Economic Approach: Unpublished Manuscripts of Gary S. Becker, Edited by Julio J. Elías, Casey B. Mulligan, and Kevin M. Murphy, University of Chicago Press (Forthcoming). *Journal of Human Capital*, 13(2), 140-141. DOI:10.1086/703354.
- Garg, V., Singh, V. P., & Raj, V. (2017). *Development of Water Resources in India*. Basingstoke, England: Springer.
- Gilliland, B. E., James, R. K., & Bowman, J. T. (1989). *Theories and strategies in counseling and psychotherapy*. Upper Saddle River, NJ: Prentice-Hall.
- Gilson et al. Respond. (1998). *American Journal of Public Health*, 88(1), 134-134. DOI:10.2105/ajph.88.1.134-a.
- Hakim, C. (2015). Erotic Capital. *International Encyclopedia of the Social & Behavioral Sciences*, 1-7. DOI:10.1016/b978-0-08-097086-8.35031-0.
- Hodgetts, M., & McGravey, K. (2019). Climate Change and the Free Marketplace of Ideas? *Environmental Values*. DOI:10.3197/096327119x15579936382707.
- Hoskisson, R. E., Hitt, M. A., & Ireland, R. D. (2004). *Competing for Advantage*. Nashville, TN: South-Western.
- Index to Journal of Contemporary Criminal Justice Volume 21. (2005). *Journal of Contemporary Criminal Justice*, 21(4), 406-408. DOI:10.1177/104398620502100408.
- Ioana, J. J (2013). Human Capital and Organizational Effectiveness. Retrieved from <https://www.google.com>
- James, L. R., & Jones, A. P. (1974). Organizational climate: A review of theory and research. *Psychological Bulletin*, 81(12), 1096-1112. DOI:10.1037/h0037511.
- James, L. R., & Jones, A. P. (1976). Organizational structure: a review of structural dimensions and their conceptual relationships with individual attitudes and behavior. *Organizational Behavior and Human Performance*, 16(1), 74-113. DOI:10.1016/0030-5073(76)90008-8.
- Jarry, N. (2011). *Benezit Dictionary of Artists*. DOI: 10.1093/benz/9780199773787.article.b00094178.
- Jeston, J., & Nelis, J. (2014). *Business Process Management*. London, England: Routledge.
- Jones, A. P., & James, L. R. (1979). Psychological climate: Dimensions and relationships of individual and aggregated work environment perceptions. *Organizational Behavior & Human Performance*, 23(2), 201-250, [http://dx.doi.org/10.1016/0030-5073\(79\)90056-4](http://dx.doi.org/10.1016/0030-5073(79)90056-4).
- Joyce, W. F., & Slocum, J. W. (1984). Collective Climate: Agreement as a Basis for Defining Aggregate Climates in Organizations. *Academy of Management Journal*, 27(4), 721-742, DOI:10.5465/255875.
- Keeley, B. (2007). Human Capital. *OECD Insights*. DOI:10.1787/9789264029095-en.
- Kirk, D. (2001). *Studies in Philosophy and Education*, 20(6), 475-487, DOI:10.1023/a:1012226215110.
- Lawrence, M. S. (2014). Introduction. *Sabu*, 1-6. doi:10.1007/978-1-137-44622-0\_1.
- Lippert-Rasmussen, K. (2018). *Relational Egalitarianism: Living as Equals*. Cambridge, England: Cambridge University Press.
- Lledo, V. D. (2017). *On the Determinants of Fiscal Non-Compliance: An Empirical Analysis of Spain's Regions*. Washington, DC: International Monetary Fund.
- Makewa, L., Ngussa, B., & Kuboja, J. (2018). *Technology-Supported Teaching and Research Methods for Educators*. Hershey, PA: IGI Global.
- Mark Mills Et Al., Petitioners, v. Rubie Rogers Et Al., Respondents. (n.d.). *PsycEXTRA Dataset*. doi:10.1037/e311362004-001.



- Mosely, Alfred, (13 Oct. 1855–22 July 1917). (2007). *Who Was Who?* DOI:10.1093/www/9780199540884. 013.u200679.
- Mwaura, G. M. (2018). A political economy analysis of South-South youth relations in Africa. *Routledge Handbook of South-South Relations*, 345-356. DOI:10.4324/9781315624495-26.
- Newman, A. B., Newman, A. B., & Newman, A. B. (2012). Comorbidity and Multimorbidity. *The Epidemiology of Aging*, 119-133. DOI:10.1007/978-94-007-5061-6\_8.
- Michaels's and Charlene. (1996). *Capitalizing the Global Workforce: A Strategic Guide for Expatriate Manager*. McGraw Hill, publishers.
- Peprah, W. K., & Ganu, J. (2018). The Convergence of Organizational Culture, Structure and Human Capital Performance: A Conceptual Analysis. *Archives of Business Research*, 6(5). DOI:10.14738/abr.65.4626.
- Petrushenko, V., & Petrushenko, O. (2017). Descartes' and Pascal's Anthropological Alternative in the Perspectives of Post-humanity. *Humanitarian vision*, 3(2), 95-98, DOI:10.23939/shv2017.02.095.
- Pickard, S. (2019). *Politics, Protest and Young People: Political Participation and Dissent in 21st Century Britain*. Basingstoke, England: Springer.
- Radford, A., & Reid, V. (2012). *Franco-British Cultural Exchanges, 1880-1940: Channel Packets*. Basingstoke, England: Springer.
- Rieh, S. Y., Collins-Thompson, K., Hansen, P., & Lee, H. (2016). Towards searching as a learning process: A review of current perspectives and future directions. *Journal of Information Science*, 42(1), 19-34. DOI:10.1177/0165551515615841.
- Salam, A. (2016). Relationship between Perceived Organizational Politics, Supportive Organizational Climate and Job Satisfaction in Thai Higher Education Sector, *Mediterranean Journal of Social Sciences*, DOI:10.5901/mjss.2016.v7n5p396.
- Sayed Nasrallah: September 1, 2019? Save the Date, No More Israeli Red Lines. (n.d.). Retrieved from <http://english.almanar.com.lb/819623>.
- Schneider, B., & Bartlett, C. J. (1969). Individual differences and organizational climate: A report of the 1966 Cattell Award winning proposal. *PsycEXTRA Dataset*, DOI:10.1037/e568592009-004.
- Sethibe, T., & Steyn, R. (2018). The Mediating Effect of Organizational Climate on the Relationship between Leadership Styles and Their Components on Innovative Behavior, *Journal of Entrepreneurship and Innovation in Emerging Economies*, 4(1), 22-32, DOI:10.1177/2393957517747313.
- Smith, A. (1975). *The Glasgow Edition of the Works and Correspondence of Adam Smith, Vol. 2: An Inquiry into the Nature and Causes of the Wealth of Nations, Vol. 1*, DOI: 10.1093/actrade/9780199269563.
- Sridhar, M., & Paranjpe, P. (n.d.). An object-oriented framework for embedded WWW applications. *Proceedings of COM'96. First Annual Conference on Emerging Technologies and Applications in Communications*. DOI:10.1109/etacom.1996.502486.
- Tagiuri, R., & Petrullo, L. (1958). *Person Perception and Interpersonal Behavior*.
- Takeuchi, R., Way, S. A., & Tian, A. W. (2018). Cross-level effects of support climate: Main and moderating roles. *Human Resource Management*, 57(5), 1205-1218. DOI:10.1002/hrm.21891.



- Toulson, P., & Smith, M. (1994). The Relationship between Organizational Climate and Employee Perceptions of Personnel Management Practices. *Public Personnel Management*, 23(3), 453-468. DOI:10.1177/009102609402300309.
- Wester, P., Mishra, A., Mukherji, A., & Shrestha, A. B. (2018). *The Hindu Kush Himalaya Assessment: Mountains, Climate Change, Sustainability, and People*. Basingstoke, England: Springer.
- Zaoui et al. (2017). The Realization of Thin Sheets Stamping Tools with Economical Material. *International Journal of Mechanical and Production Engineering Research and Development*, 7(6), 437-444. DOI:10.24247/ijmperdddec201750.

 © JSRE

---