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Organisational climate components and their impact on work engagement of employees in medium-sized organisations

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ABSTRACT

The purpose of this article is to present research on the importance of requisitely holistically selected organisational climate components and to determine their impact on work engagement of employees in 626 medium-sized organisations in Slovenia, the EU. The quantitative research is based on the implementation of an exploratory factor analysis, a simple linear regression analysis and the CFA 6-factor solution for validity purposes. Based on the research results, we confirmed the hypothesis that organisational climate components leadership, employee relations, employee commitment, employee satisfaction and employee motivation have a significant positive impact on work engagement of employees in medium-sized organisations. The results help users to better understand the importance of organisational climate in the Slovenian organisations. Successful organisations should realise the importance of organisational climate components, which enhance job performance and work engagement. Thus, they must fully master all of the employee-related processes of the organisation. The article is based on examination of the selected components of organisational climate with which organisations can impact work engagement of their employees. A new conceptual model was developed and confirmed.

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1. Introduction

Many organisations ignore organisational climate, therefore, employees' work engagement and effectiveness might be very low. The organisational climate namely constitutes the way individuals in an organisation perceive and characterise their environment in an attitudinal and value-based manner. Perceptions may, for example, include notions of cooperation, leadership support, trust, fairness, friendliness, conflicts, performance standards and commitment (see, e.g. Cygler et al., 2018;

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Kostić-Bobanović & Bobanović, 2013; Saeed et al., 2019; Viitala et al., 2015). Steinke et al. (2015) argue that organisational climates reflect employees' perceptions of the policies, practices and procedures that are expected, supported and rewarded in regard to the human resources of the organisation. Also, Ahmad et al. (2018) and Sroka and Szántó (2018) summarise that organisational climate is regarded as a meaningful component with significant implications in human resource management and organisational behaviour. Therefore, regardless of the size of organisation, it is important that organisation build an excellent relationship with its employees. For example, according to Hamidianpour et al. (2015) organisational climate has positive and significant impact on employee's creativity in small and medium-sized organisations. Organisational climate also has positive and significant impact on entrepreneurial orientation in small and medium-sized organisations. But medium-sized organisations are already relatively big and owners or managers may not be able to manage employees as they should (Hornsby & Kuratko, 2003; Newell & Scarbrough, 2002). According to Albrecht et al. (2018), Armstrong (2000), Božić and Rajh (2016), Hornsby and Kuratko (2003), Lydell et al. (2019) and Rožman et al. (2019), medium-sized organisations identify poor management skills, especially entrepreneurial skills, as hampering their growth. This is why it is important to discuss about the organisational climate issues in medium-sized organisations and to highlight the importance of human resource issues when organisation is growing (Hornsby & Kuratko, 2003). It is not the case that organisational climate is more or less important in bigger or smaller organisations, it is the case that with growing of organisation the requirements towards its governance and management tasks are changing (Štrukelj et al., 2020), so awareness of that should also rising. Therefore, this research wants to put attention to governors and managers of medium-sized organisations, because the organisational climate components might need more of their attention.

Viitala et al. (2015) summarise that there is a strong relationship between organisational climate and a high level of employees' well-being at work and work engagement. Morris and Bloom (2002), Schaufeli (2016) and Albrecht et al. (2018) argue that employees working in organisations with suitable organisational climate are more likely to be satisfied and engaged. May et al. (2004) argue that engaged employees have high levels of energy and are enthusiastic about their work. According to Haakonsson et al. (2008), high-tension climates are characterised by unpleasant emotions, therefore, the organisational climate components are important for work engagement of employees (Albrecht et al., 2018). Robertson and Cooper (2010) stress that the work engagement of employees is stronger, when employees feel well at work. According to Lu et al. (2016), organisations should pay attention to the organisational climate components with which they can influence work engagement of their employees. This is especially important in the firms of industry 4.0 (Hariharasudan & Kot, 2018; Kovács & Kot, 2016).

The main objective of this research is to examine the impact of organisational climate components on work engagement of employees in medium-sized Slovenian organisations.

A survey in Slovenia, the EU was made to examine the impact of organisational climate components on work engagement of employees. The research is based on the

application of an exploratory factor analysis with which we wanted to reduce a large number of variables into fewer factors and to describe the factors with certain variables that were basis for a simple regression analysis. Based on new empirical evidences this research shows the direct and statistically positive relationship between variables representing organisational climate and work engagement of employees. Therefore, we can state that organisations, which manage their organisational climate better increase their probability of increasing employees' work engagement.

In [Section 2](#), we present the literature review. It is followed by a description of conceptual model and hypotheses tested ([Section 3](#)) and research design and methodology used in our empirical research ([Section 4](#)). The obtained results are introduced in [Section 5](#), followed by the discussion of the results ([Section 6](#)). [Section 7](#) is devoted to managerial and theoretical implications. The article concludes with the introduction of highlights, limitations explanation and further research possibilities detection ([Section 8](#)).

2. Literature review

At the beginning of literature review, we present organisational climate and its importance for organisation. The article continues with description about work engagement and benefits of work engagement for organisation. At the end of this chapter, we presented the literature review about impact of organisational climate on work engagement of employees.

Organisational climate refers to the employees' shared perceptions and the meaning they attach to the policies, practices and procedures they experience in their workplace, as well as to the behaviours they observe being rewarded, supported and expected regarding the human resources of the organisation (Ahmad et al., 2018; Cygler et al., 2018; Schneider et al., 2013, 2016). Kumar-Bamel et al. (2013) argue that organisational climate encompasses organisational structure and processes, interpersonal relationships, employee behaviour, performance expectation and opportunities for growth. Additionally, organisational climate has important outcomes at individual, group and organisational levels (Ghanbari & Eskandari, 2016).

Studies have shown that organisational climate significantly affects employees' mood, attitude and behaviour, regarding their work environment (Abdulkarim, 2013). Organisational climate is positively linked to job satisfaction and commitment (Castro and Martins, 2010), employees' behaviour, motivation, engagement and outcomes, increases productivity, job satisfaction and performance, organisational performance, leadership behaviour, managerial and organisational effectiveness and decreases problems with staff. In small and medium-sized organisations, leadership behaviour is more personal as in large organisations (Jones & Crompton, 2009). Thus, good organisational climate is instrumented to higher owner's employee productivity, commitment, satisfaction and better human relations (Kumar-Bamel et al., 2013; Maamari & Majdalani, 2017) and can be managed with leadership behaviour. Employee relations with owners are in small and medium-sized organisations more personal (Ntalianis et al., 2015). This also contributes to better commitment and work satisfaction of employees in such organisations (Abdullah et al., 2007; Bakotić,

2016). Rožman et al. (2020) in their research found out that stress has a strong and negative impact on employee relationships and also a negative impact on employee satisfaction in medium-sized organisations. Furthermore, employee relationships have a strong and positive impact on satisfaction and a positive impact on employee motivation in medium-sized organisations. In addition, satisfaction has a strong and positive impact on employee motivation in medium-sized organisations. Rožman et al. (2017a) investigated the differences between motivation and satisfaction of employees from different age groups in the workplace in medium-sized organisations and they found out that on average, older employees are motivated by flexibility in the workplace; autonomy at work; good interpersonal relationships in the workplace; the possibility of working at their own pace; respect among employees; equal treatment of employees by age; compliments from the employer for good work; the possibility of working from home; intergenerational cooperation, thereby reducing burdens on the workplace; cooperation with other employees and the allocation of work by higher salary. On the other hand, younger employees are on average more motivated by higher salary; possibilities of advancement; the possibility for training and education; equal treatment of employees by age; the possibility of autonomy at work; the possibility of working at their own pace; compliments from the employer; respect among employees; good interpersonal relationships in the workplace; flexibility in the workplace; the possibility of diverse work; intergenerational cooperation, thereby reducing the burden on the workplace; the possibility of cooperation with other employees and the allocation of work and the possibility extended of holidays. Also, the results show that both younger and older employees in medium-sized organisations are satisfied, but the level of satisfaction differs. Motivated and satisfied employees in the workplace are the most complex topic of any organisation.

A positive organisational climate is one of the most important viewpoints of organisational environment, which has a direct relationship with employee behaviour. Employee behaviour in organisations is affected by a wide range of organisational characteristics and social relationships, which form the employees' work environment (Berberoglu, 2018), researched also in this article. According to Maamari and Majdalani (2017), a positive organisational climate improves the organisation's efficiency and lowers the costs of turnover. A positive organisational climate has a positive effect on financial results such as revenue growth, profits and return on sales. Organisational climate also helps in determining organisational success (Purohit & Wadhwa, 2012).

According to Feng Jing et al. (2011) and Koene et al. (2002), organisational climate may influence smaller organisations differently from larger organisations. Small and medium-sized organisations represent a simpler and more integrated social system, with fewer people, fewer hierarchical levels and less subdivision of work. This changes with growing of an organisation and, therefore, shows the importance of researching organisational climate components impact in different size of organisations. According to Putter (2010), small and medium-sized organisations have a more positive organisational climate than large organisations. Hamidianpour et al. (2015) emphasise that organisational climate has positive and significant impact on employees' creativity in medium-sized organisations. Also, organisational climate is known to be an important factor in motivating and enhancing the employee's creativity and

their creativity is in turn as an important motivator for entrepreneurial orientation in medium-sized organisations. Since creativity has a very strong and positive effect on entrepreneurship (Štrukelj et al., 2019) and thus performance, it is of great importance that with the growth of an organisation, organisations' managers take this into a detailed consideration and put special attention to it. Medium-sized organisations performance is importantly influenced also with leadership style of its' management (Madanchian & Taherdoost, 2017) and more informal and flexibles communication processes (Armstrong, 2000; Wilkinson, 1999). Therefore, with the growth of an organisation its' managers should put special attention to it.

Ghanbari and Eskandari (2016) summarised that organisational climate can shape the context of organisations to influence employees' perception of knowledge management and innovations, and to motivate employees to engage in the process of transforming knowledge into new products. Organisational climate (Rahimić, 2013) significantly influences organisational and psychological processes of communication, problem solving, learning, motivation, efficiency and productivity of an organisation, as well as innovation, job satisfaction and job commitment. There is also positive correlation between organisational climate and work engagement (see, e.g. Shuck et al., 2017; Rahimić, 2013). Research suggests that engagement is positively related to health, and this would imply that engaged employees are better able to perform well. Demerouti et al. (2001) found moderate negative correlations between engagement and psychosomatic health complaints (e.g. headaches, chest pain). According to Rožman et al. (2019) and Shuck and Reio (2014), a good organisational climate in a workplace plays a major role in the employees' well-being at work and is also associated with increased productivity. Today, employees are expected to work in older age and it is a challenge for organisations to promote health and well-being for this growing group. Rožman et al. (2017b) found out that on average, older employees are more susceptible to physical symptoms of burnout than younger employees in medium-sized organisations. This is reflected in headaches and migraines, lower back pain and shoulder pain, flu or viruses, increased heart rate, stomach aches, blood pressure varies, indigestion, sweaty and cold hands, vertigo and sweating. Thus, long-term health problems and chronic diseases increase with age. Older employees need urgent adjustments at work due to their health problems to prevent the risks of early retirement and work disability. Lower physical capacity is mainly a problem in jobs with a high physical workload. Satisfactory employment and friendly working environment can help age diverse employees avoid sickness and physical deterioration, secure good cognitive and physical capacity, and promote positive and active attitudes towards life. Rožman et al. (2019) in their research found out that appropriate approaches to establish a healthy working environment of older employees have a positive impact on work engagement of older employees in medium-sized organisations. Therefore, positive and friendly organisational climate is very important for employees and their work engagement. From this point of view, we present work engagement and benefits of work engagement for organisation.

Work engagement refers to 'a positive, fulfilling, work related state of mind that is characterised by vigour, dedication, and absorption' (Schaufeli et al., 2002). Schaufeli (2016) summarised that engaged employees are energetic and work hard/vigour, they

are enthusiastic and highly involved/dedicated, as well as focussed and happily engrossed in their work/absorption. Contrary to work-holism, work engagement is almost exclusively associated with positive features such as physical and mental health (e.g. good autonomic cardiac activity, low levels of depression), personal initiative, low sickness-absence, superior in-role and extra-role performance, innovativeness, organisational commitment, reduced occupational accidents and injuries, organisational citizenship behaviour and less counterproductive work behaviour. Employee engagement is an approach, that results in giving an appropriate condition to all the employee in a workplace. It is more of a fundamental concept to understand the qualitative and quantitative relationship between the employees and their workplace (Shuck et al., 2017).

Banihani et al. (2013) summarise that work engagement has positive consequences for both employees and organisations. At the individual level, research has shown that engaged workers perform better. Bakker et al. (2011) and Schaufeli and Bakker (2004) argue that there are four reasons for this: engaged workers experience positive emotions such as happiness, enthusiasm and joy; they have better health; they are able to create their own job and personal resources; they often transfer their engagement to others.

On the organisational level, it has been confirmed that employees' work engagement is related to business outcomes. For example, in a meta-analysis study conducted on 7,939 business units in 36 organisations and five different industry types, the researchers investigated and confirmed the relationship between employee satisfaction-engagement and business outcomes of customer satisfaction, profitability, productivity, employee turnover, and employee safety (accidents) (Hartel et al., 2002). Thus, we can conclude that work engagement brings benefits both for employees and organisations and is, therefore, important to research components that influence it. In this research, our focus are components of organisational climate.

The 'Project for research of organisational climate in Slovenian organisations' (OCR, 2012) defines several dimensions of organisational climate: Attitude to quality; Innovation, initiative; Motivation; Commitment; Employee relations; Leadership; Professional competence and learning; Knowledge of the mission, vision and goals; Organisation; Internal communication and information; Employee reward systems; Career development. Among those organisational climate components, we limited our research on five components: leadership, employee relations, employee commitment, employee satisfaction and employee motivation, which we are proposing as organisational climate. Namely, literature review made by authors showed that it has not been yet researched whether these five components observing in synergy impact work engagement of employees in Slovenian medium-sized organisations, therefore, we subjectively chose these components with the use of Dialectical systems theory method (Mulej et al., 2013), which imposes the use of authors professional knowledge on subject and subjectively selection of all important aspects of the subject. The theory proves that it is not possible taking all aspects into confederation, so only all of important one should be selected. We identified a set of components and presumed that they explain organisational climate in an organisation. This set is not an all-encompassing set of variables that might explain the organisational climate. There are

numerous other variables which we can argue that they could also explain organisational climate, so the selection of organisational climate components subjectively with the use of Dialectical Systems Theory is an important limitation of our research.

As we have already mentioned, there is positive correlation between organisational climate and work engagement. Also, organisational climate has positive impact on work engagement of employees (Haugnes, 2016; Viitala et al., 2015). Employee engagement is critical to the success of an organisation and employee performance. Engagement is a result of employees understanding the organisation's goals and their role in helping the organisation reach those goals. If they believe their goals align with the business strategy, they will have a bigger stake in the outcome and become higher performers (Shuck et al., 2017; Schaufeli, 2016).

Engagement presents a deep emotional bond between employees and their work. Studies have indicated that engaged employee play a vital role in establishing an excellent and effective work performance. Moreover, the superiority of psychological incentives over the tangible ones is perceived among engaged employees, as opposed to satisfied or involved employees. Therefore, positive organisational climate is likely to greatly improve employee work engagement. Such positive environment would increase trust between employees and the organisational management, and, therefore, promote their engagement to their organisation and work (Eldor & Harpaz, 2016). Further, Haugnes (2016) stresses that organisational climate could be significantly related to work engagement and also could strengthen work engagement. This was the basis for our conceptual model and hypotheses development (Section 3).

3. Conceptual model and hypotheses tested

Based on the literature review, we built a multidimensional model of components of organisational climate with which an organisation can impact the work engagement of its employees. In every organisation there exist certain factors that exert deep influence on the organisational climate. Our research includes the following components of organisational climate and their impact on the work engagement of employees: (1) leadership, (2) employee relations, (3) employee commitment, (4) employee satisfaction and (5) employee motivation (Figure 1).

Good organisational climate improves work engagement of employees (Farokhi & Murty, 2014). We placed this recognition as a basis for formulation of the hypothesis H1.

H1: Organisational climate components have a statistically significant positive impact on the work engagement of employees.

To confirm hypothesis H1, we developed five sub-hypotheses H_{1a} – H_{1e} . In case we will accept sub-hypotheses H_{1a} , H_{1b} , H_{1c} , H_{1d} and H_{1e} , then we will accept the hypothesis H1. The research is based on the implementation of an exploratory factor analysis by which we wanted to reduce the large number of variables into a smaller number of factors (so exploratory factor analysis was used only for determining factors). With factors then we performed a simple linear regression to confirm sub-hypotheses H_{1a} – H_{1e} . With simple linear regression we therefore analysed the statistically significant impact between variables.

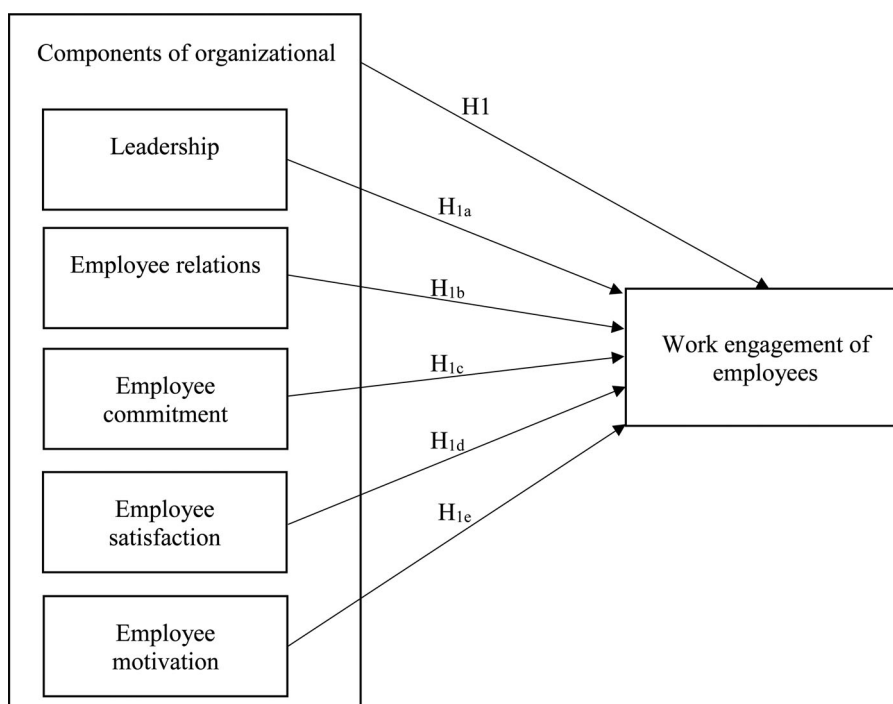


Figure 1. Research model.

Source: Own research.

The first researched component of the organisational climate is leadership. Maamari and Majdalani (2017) summarised that good leaders can create a great impact on a positive climate with intelligent, loyal and engaged employees. Cartwright and Holmes (2006) found that leaders who focus on relationship building and trust development increase employees engagement levels. They explain that transformational leaders are not viewed as a power figure, but as mutual support for a common purpose, the collective good of an organisation. From this perspective, transformational leaders have the capacity to directly improve the engagement levels of their employees and are able to meet the human and work needs of their employees. According to Jones and Crompton (2009), this is true also in small organisations. A key distinguishing element of small organisations is the owner-manager's role and influence. Authors also summarise that in a small organisation a transformational leadership style is more effective than a transactional approach in promoting the appropriate behaviours among their employees.

To drive the success of medium-sized organisations, good leadership has been recognised as the key element. Insufficient and weak leadership skills are main factors that cause failure of medium-sized organisations (Madanchian & Taherdoost, 2017). According to Putter (2010), management support perception will be more positive in small and medium-sized organisations than in large organisations. Moreover, it is more difficult for management in large organisations to give the appropriate amount of management to its subordinates. Management on its turn has a significant impact

on organisational climate perception. Based on the introduced theoretical bases we formulated the sub-hypothesis H_{1a}.

H_{1a}: Leadership has a significant positive impact on work engagement of employees.

The second researched component of the organisational climate is employee relations. Any organisation that wants to succeed in a specific industry must place emphasis on positive employee relations (Mafabi et al., 2015). Also, good relationships in the workplace lead to higher job satisfaction, motivation and productivity. The benefits of good working relationships are far-reaching and include a higher level of innovation and creativity in the workplace as well as the ability to focus on opportunities. Good work relationships promote a high level of cooperation (Ford, 2011). Anitha (2014) summarises that if the employee has good relationships with his co-workers, his work engagement is expected to be high. Employee relations in small organisations tend to be more informal. Employees can be inflexible to changes in the workplace. Managers may lack the necessary experience and expertise in issues like performance appraisals and dispute resolution (Ntalianis et al., 2015). According to Armstrong (2000), strong employment relations create a pleasant atmosphere within the work environment. In large organisations, employee relations are more formal than in small and medium-sized organisations. In many aspects, a medium-sized organisation provides a better environment for the employee than is possible in most of large organisations. For example, most people prefer to work in a small group where communication presents fewer problems: the employee in a small or medium-sized organisation can more easily see the relation between what he is doing and the objectives and performance of the organisation as a whole. Where management is more direct and flexible, working rules can be varied to suit the individual (Armstrong, 2000; Wilkinson, 1999). Based on the introduced theoretical bases we formulated the sub-hypothesis H_{1b}.

H_{1b}: Employee relations have a significant positive impact on work engagement of employees.

The third researched component of the organisational climate is employee commitment. One of the greatest challenges for organisations is to create and maintain a motivated and committed workforce increasing their performance at work. Employee commitment, together with a competent workforce, seems to be of decisive importance for an organisation to be able to compete in quality and to go along with changes (Turner Parish et al., 2008). Authors Meyer and Herscovitch (2001) and Meyer et al. (2004) state that employees who are committed to their organisation generally feel a connection with their organisation, that they fit in and understand the goals of the organisation. The added value of such employees is that they tend to be more determined in their work, show relatively high productivity and be more proactive in offering their support. According Yalabik et al. (2015) there is a relationship between employee commitment and work engagement of employees in organisation.

Regardless of the size of the organisation, specifically, work, supervision and co-workers are important factors (amongst other elements) that affect job satisfaction that could influence an employee's commitment. This clearly shows that workload is an element which can contribute towards job dissatisfaction, thus also less

commitment amongst employees in all sizes of organisations (Abdullah et al., 2007; Armstrong, 2014; Putter, 2010). According to Armstrong, based on the introduced theoretical bases, we formulated the sub-hypothesis H_{1c}.

H1c: Employee commitment has a significant positive impact on work engagement of employees.

The fourth researched component of the organisational climate is employee satisfaction. Barakat et al. (2016) emphasise that there is a relationship between employee satisfaction and performance of the employees. Authors Petrescu and Simmons (2008), Boselie and Wiele (2002) and Ahmad et al. (2018) summarise that it has been conclusively proved that there is an inverse relationship between job satisfaction and absenteeism. Satisfied employees are more likely to be friendly, upbeat and responsive, which customers appreciate. And because they are less prone to turnover, customers are more likely to encounter familiar faces and receive experienced service. Also, Mosadeghrad and Ferdosi (2013) found out that there is positive link between job satisfaction and work engagement. Satisfied employees have higher levels of work engagement in all sizes of organisations (Auer Antoncic & Antoncic, 2011). Based on the introduced theoretical bases, we formulated a sub-hypothesis H_{1d}.

H1d: Employee satisfaction has a significant positive impact on work engagement of employees.

The fifth researched component of the organisational climate is employee motivation. Bhatti et al. (2016) assert that employees with a low level of motivation are most likely to concentrate less on their jobs, shirk their duties and responsibilities, deceive their supervisors and leave the organisation, if provided with another opportunity. On contrary, employees who are motivated are more loyal, innovative and productive, and they yield high-quality results for work that they readily engage in. According to May et al. (2004), there is a relationship between employee motivation and employee engagement. Motivation and employee engagement result in increased employee productivity and performance. This is also reflected in small and medium-sized organisations (Veliu et al., 2015) as well as in large organisations (Rožman et al., 2017a). Based on introduced theoretical bases, we formulated the sub-hypothesis H_{1e}.

H1e: Employee motivation has a significant positive impact on work engagement of employees.

4. Research design and methodology

4.1. Sample and measures

A survey was conducted to examine the impact of suitable organisational climate on employee engagement. From April to October 2018, we carried out an empirical research in 1000 randomly selected medium-sized organisations out of 2084 medium-sized organisations in Slovenia, the EU, registered in year 2017 (AJPES, 2017). The selection of organisations included into initial sample was made with program SPSS (in the program SPSS we choose a function: approximately 50% of all cases). So the

program has made randomly selection. We used medium-sized organisations because they are big enough to have managers distanced from the employees, but not too simple and integrated social system any more (Feng Jing et al., 2011; Koene et al., 2002). Namely, in medium-sized organisations there are already so many employees that it is not possible that anyone knows enough about feelings of all others. On the other side such organisations are still small enough to not necessarily have enough awareness about the importance of organisational climate components. So, one needs to bring to their attention that this aspect should also be taken into consideration. The theoretic basis for this assumption provided Newell and Scarbrough (2002) and Hornsby and Kuratko (2003), who on the basis of research studies explain that the majority of small organisations do not have a human resource professional and that the owner of a small organisation performs this function. On the basis of their research authors, Hornsby and Kuratko (2003) also state that the percentage of organisations with a human resources department grows with the size of the organisation. Therefore, we assumed that the recognitions from our questionnaire would be more beneficial for medium-sized organisations, which should bring their attention to the need of HRM. According to Slovenia company act CA-1 (2017), medium-sized organisations fulfil two of the following criteria: (1) there are no more than 250 employees in average in a business year, (2) NET revenues from sales do not surpass 40.000.000 EUR and (3) the value of assets does not surpass 20,000,000 EUR. In our research, the main survey involved 626 medium-sized organisations. In each organisation, one employee answered the questionnaire, therefore, the response rate among these 1000 randomly selected organisations was very high (62.6%). Table 1 shows the profile of respondents – employees and control variables. In Appendix, Tables A1 and A2 present the conceptualisation of each variable as well as authors who developed the measures used are presented. To our best knowledge, the measures used in this research were never used in a synergic combination as we used them. Items for the organisational climate component leadership were formed by authors Schafer (2010) and Trinkka (2004). We combined them. Also other authors support their findings, e.g. Cartwright and Holmes (2006) and Maamari & Majdalani (2017). Items for the organisational climate component employee relations were formed by authors Armstrong (2014) and Možina (2002). Also them we combined and are in line with recognitions of Mafabi et al. (2015), Ford (2011) and Anitha (2014). Items for the organisational climate component employee commitment and employee satisfaction were formed by author Hayday (2003). Many literatures support their findings, like Yalabik et al. (2015), Meyer et al. (2004), Meyer and Herscovitch (2001), Petrescu and Simmons (2008), Boselie and Wiele (2002) and Ahmad et al. (2018). Items for the organisation climate component employee motivation were formed by authors Islam and Ismail (2008) and are in line with recognitions of Bhatti et al. (2016) and May et al. (2004). Items for the dependent component employee engagement were formed by authors Robinson et al. (2004) and Gallup (2006). Also those items we combined and also other authors support their findings, e.g. Banihani et al. (2013), Bakker et al. (2011), Viitala et al. (2015), Robertson and Cooper (2010) and Lu et al. (2016). The items used for variables measured in our research were used in an empirical research for the first time, except in case of Schafer (2010), Islam and Ismail

Table 1. Profile of respondents – employees and control variables.

Characteristic of respondents – employees		Number of respondents	Percentage
Gender	Female	337	53.8%
	Male	289	46.2%
Age	Up to 30 years	76	12.1%
	From 30 to 40 years	185	29.6%
	From 40 to 50 years	209	33.4%
	From 50 to 60 years	106	16.9%
	More than 60 years	50	8.0%
Organisational activity	Trade, maintenance and repair of motor vehicles	219	35.0%
	Information and communication activities	116	18.5%
	Processing activities	82	13.1%
	Professional, scientific and technical activities	75	12.0%
	Financial and insurance activities	37	5.9%
	Construction sector	18	2.9%
	Other activities	79	12.6%

Source: Own research.

(2008) and Gallup (2006). Their questionnaires were adapted to the needs of this research. Schafer (2010) concluded that developing more effective leaders could be achieved by and developing converting the dominant elements such as poor ethics, poor communication and lack of compassion for employees from weaknesses into strengths. Because more effective leaders impact on work engagement, we combined this questionnaire with those of Trinkka (2004). Research results according to Islam and Ismail (2008), show that the six most effective motivating factors are the following: (1) high wages, (2) good working conditions, (3) promotion, (4) job security, (5) interesting work and (6) full appreciation of work done. Those motivation items were used to research their impact on work engagement. Gallup (2006) research shows that most employees are not engaged. This questionnaire items were used as a part of our questionnaire in a part where we measured dependent variable work engagement. Since some items of authors included in this research differed from our research, and other items were developed based on the theory, we measured Cronbach's alpha values to verified whether the measure instrument is reliable. No other study used these measures nor in otherwise selected samples nor in the sample similar to ours. No alternative conceptualizations were detected. This is one of the most important advantages of the conceptualisation we used in this study. Characteristics of respondents and control variables are shown in Table 1.

As a research instrument we used a questionnaire, which includes questions of a closed type. The respondents indicated on a 5-point Likert-type scale their agreement to the listed statements, where 1 = strongly disagree and 5 = completely agree. Organisational climate was measured with five components (leadership, employee relations, employee commitment, employee satisfaction and employee motivation).

4.2. Statistical analysis

First, we wanted to incorporate the CFA 6-factor solution for validity purposes. This adds to the confirmation of our hypothesis. As part of the validity, we examined average variance extracted (AVE) and composite reliability coefficients (CR), keeping in mind the criteria $AVE > 0.5$, $CR > 0.7$ and the criterion $CR > AVE$ (Kock, 2019). In

Table 2. Model fit and quality indicators.

Quality indicators	Criterion of quality indicators	Calculated values of indicators of model
Average path coefficient (APC)	$p < 0.05$	0.612, $p < 0.001$
Average R-squared (ARS)	$p < 0.05$	0.796, $p < 0.001$
Average adjusted R-squared (AARS)	$p < 0.05$	0.797, $p < 0.001$
Average block variance inflation factor (AVIF)	AVIF < 5.0	2.985
Average full collinearity VIF (VIF)	VIF < 5.0	3.371
Goodness-of-fit (GoF)	GoF ≥ 0.1 (low)	0.724
	GoF ≥ 0.25 (medium)	
	GoF ≥ 0.36 (high)	
Simpson's paradox ratio (SPR)	SPR ≥ 0.7	1.000
R-squared contribution ratio (RSCR)	RSCR ≥ 0.9	1.000
Statistical suppression ratio (SSR)	SSR ≥ 0.7	1.000
Nonlinear causality direction ratio (NLBCD)	NLBCD ≥ 0.7	1.000

Source: Own research.

order to check for multi-collinearity, we used variance inflation factors (VIF), considering the criterion $VIF < 5.0$ (Hair et al., 2010). The quality of the structural model was measured by the *R*-squared and adjusted *R*-squared coefficients, reflecting the percentage of explained variance of latent variables in the structural model, and the Stone-Geisser *Q*-squared coefficient. Thus, we examined the predictability value of the structural model. Acceptable predictive validity in connection with an endogenous latent variable is suggested being $Q^2 > 0$ (Kock, 2019). To test the model, the following rules were also applied: average path coefficient (APC, $p < 0.05$), average *R*-squared (ARS, $p < 0.05$), average adjusted *R*-squared (AARS, $p < 0.05$), average block variance inflation factor (AVIF < 5.0), average full collinearity VIF (VIF < 5.0), goodness-of-fit (GoF ≥ 0.36), Simpson's paradox ratio (SPR ≥ 0.7), the *R*-squared contribution ratio (RSCR ≥ 0.9), statistical suppression ratio (SSR ≥ 0.7) and nonlinear causality direction ratio (NLBCD ≥ 0.7) (Kock, 2019; Tabachnick & Fidell, 2013). For additional test the hypotheses, the authors used the path coefficient associated with a causal link in the model (γ) and indicator of Cohen's effect (f^2), with 0.02, 0.15 and 0.35 indicating the small, medium and large effect sizes (Kock, 2019; Tabachnick & Fidell, 2013).

Within the empirical part we wanted to establish if the use of an exploratory factor analysis (EFA) is reasonable, based on the Kaiser-Meyer-Olkin measure of sampling adequacy (KMO ≥ 0.5) (Kaiser, 1974) and Bartlett's test of sphericity ($p < 0.05$). We used EFA for confirming the status of components of organisational climate and their impact on work engagement of employees. Based on the results of exploratory factor analysis we eliminated variables with communalities lower than 0.40 (Costello & Osborne, 2005).

We checked the reliability of measurement of research within the scope of inner consistency with Cronbach's alpha coefficient (Cronbach, 1951, pp. 297–334). Churchill and Brown (2004, p. 337) define that the indicators of highly reliable components should be highly connected and show that all measure the same latent component. The authors state that the reliability of the measurement, which has a coefficient $\alpha \geq 0.80$, is marked as exemplary; if the coefficient is in the interval $0.70 \leq \alpha < 0.80$ as very good; in the interval $0.60 \leq \alpha < 0.70$ as moderate; and if the coefficient α is smaller than 0.60 as barely acceptable.

Table 3. Indicators of quality of structural model.

Constructs	Cronbach's α	CR	AVE	R^2	Adj. R^2	Q^2	VIF
Leadership	0.973	0.977	0.827	(-)	(-)	(-)	1.548
Employee relations	0.972	0.978	0.880	(-)	(-)	(-)	1.672
Employee commitment	0.935	0.947	0.720	(-)	(-)	(-)	2.653
Employee satisfaction	0.921	0.938	0.706	(-)	(-)	(-)	2.367
Employee motivation	0.970	0.976	0.875	(-)	(-)	(-)	1.983
Work engagement	0.982	0.985	0.898	0.697	0.698	0.688	2.627

Legend: (-) values cannot be calculated because the construct is a baseline.

Source: Own research.

We also took into account the importance of factor rotation, which is aimed to improve factors interpretability and achieve a more even distribution of variance according to factors. We used the rectangular rotation Varimax, which ensures that the rotated factors are independent from each other. Varimax maximises the variance of weight squares in every factor and hence simplifies the structure by columns (Manly, 2005). We saved the derived factor points and hence created new variables/factors.

Based on the gained new variables/factors we performed a simple linear regression analysis: checked the quality of the obtained regression model with correlation coefficient and determination coefficient, F -test and t -test.

5. Research results

At the beginning, we wanted to incorporate the CFA 6-factor solution for validity purposes. Key quality assessment indicators of research model are presented in Table 2.

Table 2 shows that the indicators APC, ARS, AARS are statistically significant ($p < 0.001$), and the indicators AVIF and VIF are lower than 5.0 and are suitable. Indicator GoF shows the power of the underlying conceptual model (Kock, 2019), and the result of indicator GoF shows that the model is highly appropriate. The values of indicators SPR, RSCR, SSR and NLBCD are higher than the minimal prescribed values and are suitable. Table 3 presents indicators of quality of structural model.

Table 3 indicates that the values of the latent variables R^2 , adjusted R^2 and Q^2 coefficients are higher than zero. Composite reliabilities (CR) for all four constructs are higher than 0.7. Also, values of AVE for all six constructs are higher than 0.5. As all CR values were higher than AVE values, we confirmed the convergent validity for all the constructs studied. The VIF values ranged between 1.548 and 2.653 ($VIF < 5.0$), providing confidence that the structural model results were not affected by collinearity. The results of SEM and structural coefficients of links of the basic structural model are presented in Table 4. Figure 2 presents the conceptual model with the values of path coefficients.

The results in Table 4 show that leadership has a positive effect on the work engagement of older employees ($\gamma = 0.654$, $p < 0.001$) in medium-sized organisations in Slovenia. The value of Cohen's coefficient ($f^2 = 0.419$) is higher than 0.35 and shows that the effect of predictive latent variables is of high strength. In addition,

Table 4. Standardised path coefficients for proposed model.

Hypothesized path	Link direction	Path coefficient (γ)	Effect size (f^2)	Standard error
Leadership → work engagement	Positive	0.654*	0.419	0.083
Employee relations → work engagement	Positive	0.347*	0.231	0.031
Employee commitment → work engagement	Positive	0.401*	0.355	0.030
Employee satisfaction → work engagement	Positive	0.517*	0.399	0.031
Employee motivation → work engagement	Positive	0.477*	0.352	0.031

Legend: * $p < 0.001$.
Source: Own research.

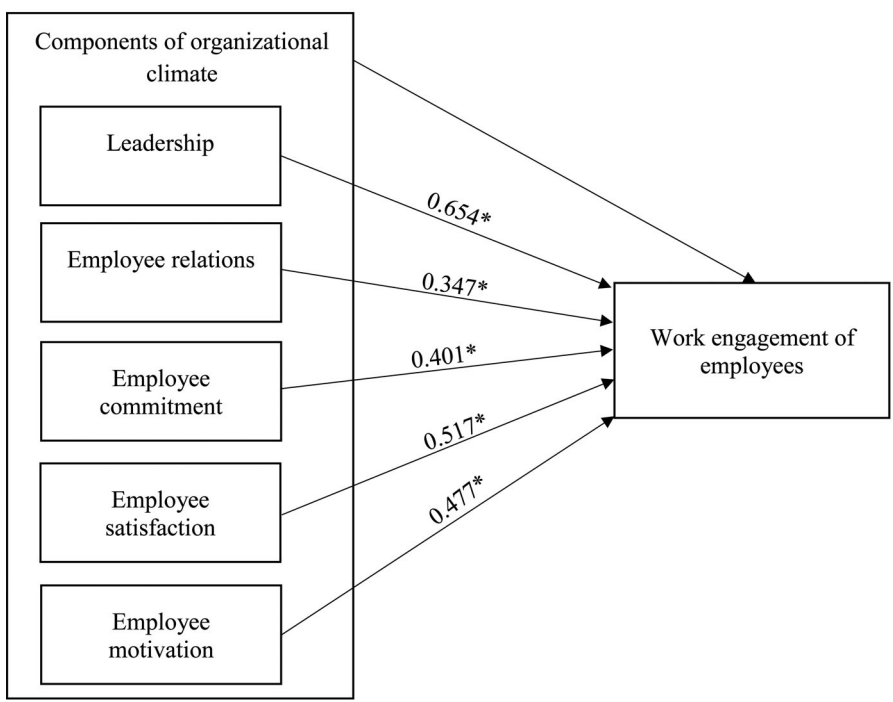


Figure 2. The multidimensional model of organisational climate components and their impact on work engagement of employees in medium-sized organisations.

Legend: * $p < 0.001$.
Source: Own research.

Table 5. Simple linear regression analysis results of dependent variable work engagement of employees and each of independent variables.

Independent variable	Unstandardised coefficients		Standardised coefficients β	t	Significance
	B	Standard error			
Leadership	0.834	0.022	0.834	37.791	0.000
Employee relations	0.798	0.024	0.798	33.056	0.000
Employee commitment	0.896	0.018	0.896	50.473	0.000
Employee satisfaction	0.889	0.018	0.889	48.391	0.000
Employee motivation	0.885	0.019	0.885	47.589	0.000

Legend: B, Unstandardized coefficient; t, t-test; β , Standardised coefficient beta.
Source: Own research.

employee relations have a positive effect on the work engagement of older employees ($\gamma = 0.352$, $p < 0.001$) in medium-sized organisations in Slovenia. The value of Cohen's coefficient ($f^2 = 0.241$) shows that the effect of predictive latent variables is of medium strength. The results in Table 5 also show that the employee commitment has a positive effect on the work engagement of older employees ($\gamma = 0.401$, $p < 0.001$) in medium-sized organisations in Slovenia. The value of Cohen's coefficient ($f^2 = 0.355$) shows that the effect of predictive latent variables is of high strength. Also, employee satisfaction has a positive effect on the work engagement of older employees ($\gamma = 0.517$, $p < 0.001$) in medium-sized organisations in Slovenia. The value of Cohen's coefficient ($f^2 = 0.399$) shows that the effect of predictive latent variables is of medium strength. In addition, employee motivation has a positive effect on the work engagement of older employees ($\gamma = 0.477$, $p < 0.001$) in medium-sized organisations in Slovenia. The value of Cohen's coefficient ($f^2 = 0.352$) shows that the effect of predictive latent variables is of high strength. Furthermore, Figure 2 presents the multidimensional model of organisational climate components and their impact on work engagement of employees in medium-sized organisations in Slovenia.

In the second part of this section the results of exploratory factor analysis for each researched component of organisational climate are presented (Appendix; Tables A1 and A3). Table A2 presents the results of exploratory factor analysis for the component work engagement of employees. Table 5 shows regression analysis results. We present also in-depth analysis of the research results presented and the discussion on the topic research.

Value of Kaiser-Meyer-Olkin measure of sampling adequacy ($0.939 \geq \text{KMO} \geq 0.867$) and the results of Bartlett's test of sphericity ($p < 0.01$) suggested the use of exploratory factor analysis for all independent components (Appendix; Tables A1 and A3).

The values of all communalities for all researched independent components are higher than 0.40 (factors leadership and employee satisfaction) respectively 0.60 (factor employee commitment and employee motivation); the highest value has the factor employee relations (0.70). They all correspond to the criteria of Costello and Osborne (2005). Therefore, we eliminated no variable. The total variance explained is lowest at the component employee commitment (71.97%) and highest at the component employee relations (87.99%). All factor loadings are higher than 0.60 (factor employee satisfaction) respectively 0.70 (factor leadership and employee commitment), the highest value (higher than 0.80) belongs to the factors employee relations and employee motivation (Appendix; Table A1).

The values of Cronbach's alpha for all factors are higher than 0.90 ($\alpha \geq 0.90$); therefore, the reliability of the measurement of all independent factors is exemplary. The highest value of Cronbach's alpha belongs to the component leadership ($\alpha = 0.972$) and the lowest value to the component employee commitment ($\alpha = 0.934$) (Appendix; Table A1).

Table A2 presents the results of exploratory factor analysis for the component work engagement of employees. Value of Kaiser-Meyer-Olkin measure of sampling adequacy ($\text{KMO} = 0.892$) and the results of Bartlett's test of sphericity ($p < 0.01$) suggested the use of exploratory factor analysis.

The values of all communalities of the dependent factor employee engagement are higher than 0.70. The total variance explained is 82.86%. All factor loadings are higher than 0.80. In our case, the most important role in employee engagement is achieved by the statement: 'I am engaged to the quality of my work'. The value of Cronbach's alpha for the work engagement of employees is 0.965, therefore, the reliability of the measurement of the work engagement of employees is exemplary.

Table 5 presents the regression analysis results of testing of the hypothesis H1 and sub-hypotheses H_{1a}, H_{1b}, H_{1c}, H_{1d} and H_{1e}.

The value of correlation coefficient between dependent variable work engagement of employees and independent variable leadership for the hypothesis H_{1a} is $r=0.834$, which indicates that there is a strong connection (Hair et al., 2010) between the variables. The value of determination coefficient is 0.696, which explains that 69.6% of the variance of the dependent variable is explained with the variance of the independent variable leadership. We established the reliability of the derived regression function with the *F*-test: $F=1428.176$, $p<0.001$. The results of the regression (Table 2) indicate that the regression coefficient of leadership is 0.834 ($\beta=0.834$) and is significantly different from 0 ($p<0.001$). On the basis of conducted regression analysis, we confirmed the sub-hypothesis H_{1a}: Leadership has a significant positive impact on the work engagement of employees. This is consistent with the findings of Maamari and Majdalani (2017), Othman et al. (2017) and Cartwright and Holmes (2006) in which authors found out that leadership has positive impact on the work engagement of employees. Thus, research findings indicate that there is a statistically significant relationship between good leadership and employee engagement.

The value of correlation coefficient between dependent variable work engagement of employees and independent variable employee relations for the hypothesis H_{1b} is $r=0.798$, which indicates that there is a moderate connection (Hair et al., 2010) between the variables. The value of determination coefficient is 0.637, which explains that 63.7% of the variance of the dependent variable work engagement of employees is explained with the variance of the independent variable employee relations. We established the reliability of the derived regression function with the *F*-test: $F=1092.675$, $p<0.001$. The results of the regression (Table 2) indicate that the regression coefficient of leadership is 0.798 (β) and is significantly different from 0 ($p<0.001$). On the basis of conducted regression analysis, we confirmed the sub-hypothesis H_{1b}: Employee relations has a significant positive impact on the work engagement of employees, which is in line with several findings (Anitha, 2014; Ford, 2011; Shaheen et al., 2017) in which authors found out that good relationships in the workplace lead to higher work engagement. Therefore, there is statistically significant relationship between employee relations and their work engagement.

The value of correlation coefficient between dependent variable work engagement of employees and independent variable employee commitment for the hypothesis H_{1c} is $r=0.896$, which indicates that there is a strong connection (Hair et al., 2010) between the variables. The value of determination coefficient is 0.803, which explains that 80.3% of the variance of the dependent variable work engagement of employees is explained with the variance of the independent variable employee commitment. We established the reliability of the derived regression function with the *F*-test:

$F=2547.525$, $p<0.001$. The results of the regression (Table 2) indicate that the regression coefficient of employee commitment is 0.896 (β) and is significantly different from 0 ($p<0.001$). On the basis of conducted regression analysis, we confirmed the sub-hypothesis H_{1c} : Employee commitment has a significant positive impact on the work engagement of employees. The same was confirmed by authors Yalabik et al. (2015), Albdour and Altarawneh (2014), Yalabik et al. (2015), who found out that there is positive relationship between employee commitment and work engagement and also, that employee commitment has positive impact on their work engagement.

The value of correlation coefficient between dependent variable work engagement of employees and independent variable employee satisfaction for the hypothesis H_{1d} is $r=0.889$, which indicates that there is a strong connection (Hair et al., 2010) between the variables. The value of determination coefficient is 0.790, which explains that 79% of the variance of the dependent variable work engagement of employees is explained with the variance of the independent variable employee satisfaction. We established the reliability of the derived regression function with the F -test: $F=2341.677$, $p<0.001$. The results of the regression (Table 2) indicate that the regression coefficient of employee satisfaction is 0.889 (β) and is significantly different from 0 ($p<0.001$). On the basis of conducted regression analysis, we confirmed the sub-hypothesis H_{1d} : Employee satisfaction has a significant positive impact on the work engagement of employees. This is consistent with the findings of Ng (2015) in which author found out that there is a positive relationship between work satisfaction and employee engagement. Mosadeghrad and Ferdosi (2013) found out that work satisfaction has a significant positive impact on work engagement of employees and also, satisfied employees had higher levels of work engagement.

The value of correlation coefficient between dependent variable work engagement of employees and independent variable employee motivation for the hypothesis H_{1e} is $r=0.885$, which indicates that there is a strong connection (Hair et al., 2010) between the variables. The value of determination coefficient is 0.784, which explains that 78.4% of the variance of the dependent variable work engagement of employees is explained with the variance of the independent variable employee motivation. We have established the reliability of the derived regression function with the F -test: $F=2264.681$, $p<0.001$. The results of the regression (Table 2) indicate that the regression coefficient of employee motivation is 0.885 (β) and is significantly different from 0 ($p<0.001$). On the basis of conducted regression analysis, we confirmed the sub-hypothesis H_{1e} : Employee motivation has a significant positive impact on the work engagement of employees. According to May et al. (2004), there is positive relationship between employee motivation and employee engagement. Singh (2016) found out that work motivation has impact on the work engagement of employees.

Based on the so far explained, sub-hypotheses H_{1a} – H_{1e} were accepted. Therefore, also the main hypothesis H_1 : Organisational climate components have a statistically significant positive impact on the work engagement of employees, can be confirmed. Because we could accept all sub-hypotheses H_{1a} – H_{1e} , we are able also to confirm main hypotheses H_1 . This is in the line with recognitions of e.g. Maamari and Majdalani (2017), Anitha (2014), Yalabik et al. (2015), Možina (2002), Gallup (2006).

This is also in line with several findings (Arya & Sainy, 2017; Eldor & Harpaz, 2016; Haugsnes, 2016) in which authors found out that organisational climate is significantly related to work engagement and a positive impact on work engagement. Employees are engaged when organisations have healthy, friendly and positive organisational climate and communication practices, where they can get platforms to express their concerns and opportunities to grow and develop their potential.

Based on the theoretical and empirical result we can confirm also the research question stated at the beginning of this research (RQ1). Organisational climate components have a statistically significant positive impact on the employee work engagement, which is an important scientific contribution of this research and in line with the less comprehensive research findings of several authors (Albrecht et al., 2018; Arya & Sainy, 2017; Berberoglu, 2018; Eldor & Harpaz, 2016; Haugsnes, 2016; Maamari & Majdalani, 2017).

Table 5 also shows that unstandardised beta coefficients and standardised beta coefficients are identical. When the exploratory factor analysis was performed and the factors were obtained, their values were already standardised – values were normally distributed. From this point of view, both regression coefficients should therefore be the same, because we performed a simple linear regression analysis that had already standardised factors.

6. Discussion

Results in Appendix; Table A1 show that the most important role of leadership is gained with encouraging the achievement of successful results of the employees (which is in line with cognitions of Cartwright & Holmes, 2006; Maamari & Majdalani, 2017). According to our findings, it is also almost equally important that employers are ready to listen the employees and that employers inform employees about their decisions concerning the organisation (which complies with recognitions of Avery et al., 2007; Rad & Yarmohammadian, 2006). Based on their results it is possible to conclude that good relationship between leaders and employees is one of most important components influencing employees work engagement. Also, Holloway (2012) summarise that an employee's trust increases in his or her leader when the leader's behaviour is perceived as trustworthy. This is one of the important recognitions of the presented research not only for the science but also for practice.

For employee relations it is important to build trust between colleagues (Ford, 2011; Mafabi et al., 2015 found out the same elsewhere). Based on our findings are also important good relations between employees and appreciation of work among colleagues (which is in line with recognitions of Možina, 2002). Thus, it is important that employees share a healthy relation with each other at the workplace, because the organisation becomes a happy place to work, if the employees work together as a good family. An individual tends to lose focus and concentration if his or her mind is always clouded with unnecessary tensions and stress. It has been observed that if people talk and discuss things with each other, tensions automatically evaporate and one feels better (which is in line with recognitions of Ford, 2011 and Armstrong, 2014). Maintaining healthy employee relations in an organisation is a pre-requisite

for organisational success. Strong employee relations are required for high productivity and work engagement. Thus, healthy relationships may motivate employees and increase morale. According to Ford (2011) good relationships in the workplace lead to higher work engagement and productivity.

Employee commitment can be achieved with encouraging willingness to help colleagues in the organisation (for similar results see e.g. Meyer et al., 2004). According to our findings, it is also almost the same important good and strong communication in the organisation. Lack of communication within the workplace can result in the dissolution of workplace productivity, working relationships and the overall level of happiness within the organisation. Without clear communication, employees will find it difficult to understand what is expected of them, how to react to changes and what policies and direction they should be following. Lacking clear communication can potentially decrease the employee commitment and loyalty (which is in line with cognitions of Armstrong, 2014; Chen et al., 2006). Organisational commitment is the bond employees experience with their organisation. Employees, who are committed to their organisation generally feel a connection with their organisation, feel that they fit in and understand the goals of the organisation. The added value of such employees is that they tend to be more determined in their work, show relatively high productivity and are more proactive in offering their support. Also, Beukes and Botha (2013) summarise that organisational commitment and work engagement had a positive correlation (as the one increases, so will the others).

Employee satisfaction can be mainly achieved with satisfaction with leadership (the same was found out by Cartwright & Holmes, 2006). Also, employee satisfaction can be achieved with opportunities for professional development and growth. Employees who know they have the opportunity to improve their skills and rise within the organisation may be more satisfied with their work (which is in line with recognitions of Brown, 2002; Gobal et al., 2018). According to our findings, it is also important that employers create a friendlier working environment, because this leads to higher job satisfaction among employees, and also leads to increased productivity and a higher rate of engagement (which is in line with recognitions of Wright & Davis, 2003, elsewhere).

Employee motivation raises mainly with praise for work well done (which is in line with recognitions of Bhatti et al., 2016). The easiest way to increase employee motivation is by having positive communication at the workplace, which also means that employer talks to employees in person and even on a personal level, if possible. Employees also want to see the organisation that they are working for, succeed (which is in line with recognitions of Možina, 2002 and Armstrong, 2014). For example, many have excellent ideas and employer must take some time to ask and listen to suggestions. Employer should ensure his or her employees that their individual efforts and contribution plays an important part of the organisation's overall goals and direction. Employees will take pride and be engaged in their work, if they are aware that their efforts create an impact the organisation, regardless of how big or small their contributions are. Sometimes, the employees lack motivation because their job does not enjoy a positive work environment (for similar results see e.g. Lichtenthaler & Fischbach, 2016; Porter et al., 2016). To fix this, leader or employer

could send out surveys and get feedback from employees in order to solve the issues that they may face. However, in order to achieve a high level of employee motivation, which leads to higher work engagement, organisations need to encourage a positive workplace environment. Employees must feel that their work and effort is an important contribution to the organisation's success.

Work engagement of employees improves the quality of work (similar read in Gallup, 2006; Schaufeli, 2016; Schaufeli & Bakker, 2004). According to our findings, it is also almost equally important that there is a clear link between the employee's work and the organisation's goals, and that employees see how their work ultimately contributes to the success of the business. Leaders need to make sure their employees feel part of their organisation's mission, find purpose in their work and take on new challenges. Also, leader or employer should plan regular staff meetings that communicate the immediate and long-term goals of the organisation. These meetings ensure that tasks are fairly distributed and create a more transparent, psychologically safe atmosphere. Connecting team tasks to goals is an important step in creating an engaging work environment (which is in line with recognitions of Caulfield & Senger, 2017; Gerards et al., 2018). Caulfield and Senger (2017) and Gerards et al. (2018) summarise that when employees are engaged, the office atmosphere improves, their actions are dependable and internal disputes are minimal, if not non-existent. Workers who are engaged feel like part of the team and in turn, work together to help lead the organisation's business to successful outcomes. Further, employee engagement is a key ingredient for organisational success, and it is up to leaders to make sure their teams feel like a valued part of the organisation, doing work that matters.

7. Managerial and theoretical implications

A good understanding of appropriate organisational climate could improve the impact of organisational climate components on work engagement. This research provides guidance for managers who wonder what they should do to improve work engagement of their employees. The study findings show that organisational climate components (leadership, employee relations, employee commitment, employee satisfaction and employee motivation) have a statistically significant positive impact on the work engagement of employees in medium-sized organisations in Slovenia, the EU. Managers can use this study results to enhance the management system and to improve work engagement of employees through improving organisational climate. The role of the organisational climate and work engagement should therefore not be ignored. The findings of this study could be utilised for the managerial practice and improvement of organisations' human resource policy. This is supported with theoretical implications of this article, which are based on requisitely holistic selected organisational climate components. To achieve the work engagement of employees, managers should generally speaking put special attention to encourage engagement of employees, quality of their work and engagement of their work passion (to encourage emotions). According to our findings management should pay attention to all researched organisational climate components. Managers will be recognised as better

leaders if they will encourage employees to achieve better work-related results, be patient with solving of their problems and include employees into the decision-making process (organisation climate component leadership). Next, managers will be recognised as trustworthy if also they will trust employees, take care for good relations with employees and if they will show appreciation of their work (organisational climate component employee relations). Also, they should pay attention to organisational climate component employee commitment and encourage employees to help each other to gain the believe about the excellent future development of the organisation as well as to pay attention to their well-being. Managers should also be aware of importance of organisational climate component employee satisfaction. Employees should be satisfied with their leadership style, happy at their workplace and should have possibilities of their own development (e.g. education possibilities). To motivate employees (organisational climate component employee motivation) managers should pay attention towards recognising good work and giving employees not only financial but also non-financial awards for it, they should trust employees to be able to fulfil their work task successfully (give them work autonomy) and they should take care about employees work creativity and their interdependent synergic cooperation. These and other recognitions of our theoretical implications should not only be used for improving managerial practice but should also be recognised as important among policy-making influencing persons, who should help to introduce better organisational climate practice into organisations. Namely, employees within organisations with more appropriate organisational climate are happier, thus also whole society is happier and leverage effects could be seen also in other areas of human lives e.g. in health.

8. Conclusion

Organisational climate is one of the important indicators which affect organisational and employee performance. A supportive work environment will result in engaged employees who enjoy their work. It therefore comes as no surprise that work climate is an excellent predictor of organisational and employee performance and an employee would be able to perform well only when he or she is work engaged.

In this article, we show the results of the first survey about organisational climate components and their impact on work engagement of employees in medium-sized organisations, which expresses results of 626 valid surveys in Slovenia, the EU. Based on the results we positively answered the research question and confirmed the hypothesis H1 that the organisational climate components leadership, employee relations, employee commitment, employee satisfaction and employee motivation have a statistically significant positive impact on the work engagement of employees.

From the selected viewpoints Slovenia is a normal EU member state rather a post-communist country. But who do, actually, »employees« prefer? The owners and/or governors, who have to set a responsible vision and business policy (Barakat et al., 2016; Dankova et al., 2015; Štrukelj & Šuligoj, 2014) as well as the (top, middle and first-line) managers, who are responsible for their realisation. All mentioned must

raise their awareness about the influence of organisational climate components on work engagement of employees.

We limited our research to medium-sized organisations in Slovenia, European Union (EU) by following the assumption that organisations with a smaller number of employees do not have the developed systematic human resources management (see e.g. Hornsby & Kuratko, 2003). The smaller ones are due to their smallness more flexible also from this viewpoint, thus medium-sized organisations seemed to us an optimal choice. Other important limitation of this research is the location of the research conducted. Slovenia is the EU country, which was in the past a part of former Yugoslavia. It has different values, cultural habits, business ethics, interests etc. as other EU countries (Sternad Zabukovšek et al., 2019; Štrukelj & Sternad Zabukovšek, 2019; Štrukelj et al., 2020), which influence the organisational climate measures and their impact too.

From the Dialectical Systems Theory's viewpoint (Mulej et al., 2013) authors subjectively and requisitely holistic select, from their perspective, e.g. in case of this research the important organisational climate components, taking their interdependence into account and knowing that a total holism is not possible. Taking this methodology into consideration we limited our research on the organisational climate measures leadership, employee relations, employee commitment, employee satisfaction and employee motivation. When doing further research, one could select also other components to compare if higher cumulative percentage of variance explained can be achieved. Thus, other organisational climate components recognised as important, e.g. in the 'Project for research of organisational climate in Slovenian organisations' (OCR, 2012), which has already been proved to be important, could be used as variables.

Also, when we measured the organisational climate, we limited our research to already mentioned five components, leadership, employee relations, employee commitment, employee satisfaction and employee motivation with which we wanted to analyse if there is statistically significant positive impact of each component on work engagement of employees. Our further research recommendation refers to in-depth analysing the different components of organisational climate with structural equation modelling (SEM).

Our further research proposal is also to examine the differences in organisational climate in different business activities/industries and environments. Since different industries and environments have different cultures and thus climates (Albrecht et al., 2018; Berberoglu, 2018; Islam & Ismail, 2008; Kumar-Bamel et al., 2013; Mosadeghrad & Ferdosi, 2013; Rahimić, 2013; Schneider et al., 2013), researching and understanding of them is very valuable both for science, societies and organisations. Further research recommendation is also in proposition of analysing e.g. countries that have come up with a high percentage of unemployment to small percentage in just a few years. It would be also worth to analyse the influence of other factors like index of country development, the high of GDP, demographic changes, cultural differences and other macroeconomics aspects and their influence on work engagement.

Main contribution to the science is reflected in the first made research about determined components of organisational climate and their impact on work engagement

of (medium-sized organisations) employees in Slovenia, which can be a starting-point for similar researches in other countries and managerial implications. The results help users to better understand the importance of organisational climate in the Slovenian organisations and are indicating broader picture of the organisational climate conditions in the EU. Also, the results will significantly contribute to the design of appropriate working environment for employees. One of the most important role of employer is namely to create a positive organisational climate. A positive organisational climate helps significantly reduce workplace stress. Organisations with a positive climate tend to see less stressed employees, which helps boost both employee health and work performance. Building a unique and positive organisational climate is one of the best and simplest ways to get employees committed invest their talent and future within an organisation.

Disclosure statement

No potential conflict of interest was reported by the authors.

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Appendix

Table A1. The results of exploratory factor analysis for each component of organisational climate.

Leadership statement (Cumulative percentage of explained variance: 82.654%; $\alpha = 0.972$; KMO = 0.939)	Communalities	Factor loadings
My employer is always ready to listen.* ¹	0.948	0.974
My employer encourages me to achieve successful results.* ²	0.963	0.981
I feel that the employer values me as an employee.* ²	0.895	0.946
Employer gives me feedback and reviews about my work.* ²	0.920	0.959
Employer always informs me about his decisions about organisation.* ¹	0.942	0.971
In case of conflict between employer and employees, we solve them together and for the common benefit.* ²	0.651	0.807
Employer gives me all information about work process.* ¹	0.665	0.815
Employer gives emphasis on work motivation.* ²	0.575	0.758
Employer takes care of employee satisfaction.* ¹	0.881	0.938
Employee relations statements (Cumulative percentage of explained variance: 87.989%; $\alpha = 0.970$; KMO = 0.867)	Communalities	Factor loadings
Between management and employees good relations prevail.* ³	0.711	0.843
Good relations prevail among employees.* ⁴	0.959	0.979
In our organisation we appreciate the work of our colleagues.* ⁴	0.955	0.977
I trust my colleagues.* ³	0.966	0.983
Conflicts between employees are always solved in total benefit.* ³	0.947	0.973
We cooperate very well with colleagues in the performance of our tasks.* ⁴	0.741	0.861
Employee commitment statements (Cumulative percentage of explained variance: 71.969%; $\alpha = 0.934$; KMO = 0.923)	Communalities	Factor loadings
I am proud to be employed in our organisation.* ⁵	0.636	0.797
	0.768	0.876

(continued)

I believe in the successful development of our organisation.* ⁵		
I am always willing to help my colleagues. * ⁵	0.788	0.888
Outside the organisation employees are positively talking about it.* ⁵	0.735	0.858
I am proud of the work that I do in our organisation.* ⁵	0.625	0.791
Employment in the organisation seems to me to be safe.* ⁵	0.724	0.851
I feel happiness when I am going to work.* ⁵	0.762	0.873
Employee satisfaction statements (Cumulative percentage of explained variance: 77.422%; $\alpha = 0.950$; KMO = 0.905)	Communalities	Factor loadings
At my workplace I am satisfied with my work.* ⁵	0.859	0.927
At my workplace I am satisfied with working hours.* ⁵	0.766	0.875
At my workplace I am satisfied with the leadership in the organisation.* ⁵	0.879	0.938
At my workplace I am satisfied with possibilities of training.* ⁵	0.856	0.925
At my workplace I am satisfied with progression in the organisation.* ⁵	0.462	0.680
At my workplace I am satisfied with the information about events, novelties in the organisation.* ⁵	0.819	0.905
At my workplace I am satisfied with the working conditions, such as better light, air conditioning, and bigger inscriptions.* ⁵	0.778	0.882
Employee motivation statements (Cumulative percentage of explained variance: 83.931%; $\alpha = 0.971$; KMO = 0.892)	Communalities	Factor loadings
Respect between employees motivates me for better performance at my work.* ⁶	0.667	0.817
Possibility of autonomy at work motivates me for better performance at my work.* ⁶	0.939	0.969
Possibility of flexibility in the workplace motivates me for better performance at my work.* ⁶	0.866	0.931
Compliments from the employer for good work motivate me for better performance at my work.* ⁶	0.942	0.971
Possibility for training and education motivates me for better performance at my work.* ⁶	0.925	0.962
Possibility of cooperation with other employees and the allocation of work motivates me for better performance at my work.* ⁶	0.929	0.964

Legend: χ^2 , Chi-Square; *df*, degrees of freedom; *p*, probability value or significance; KMO, Kaiser-Meyer-Olkin measure of sampling adequacy; α , Cronbach's alpha.

Research instrument adapted from: Schafer (2010)*¹; Trinka (2004)*²; Armstrong (2014)*³; Možina (2002)*⁴; Hayday (2003)*⁵; Islam and Ismail (2008)*⁶.

Source: Own research.

Table A2. The results of exploratory factor analysis for the component work engagement of employees.

Work engagement statements (Cumulative percentage of explained variance: 82.857%; $\alpha = 0.965$; KMO = 0.934)		Communalities	Factor loadings
I do my work with passion.* ¹		0.774	0.880
I am engaged to the quality of my work.* ²		0.854	0.924
I am engaged to achieve successful business results.* ¹		0.851	0.923
I am aware of the importance of innovation for our organisation and I am helping to develop the organisation.* ¹		0.848	0.921
I feel that my work and job are important.* ²		0.819	0.905
I feel very good at my job.* ¹		0.801	0.895
I believe in the successful development and operation of our organization.* ¹		0.823	0.907
Bartlett's test of sphericity			
χ^2	<i>df</i>	<i>p</i>	
6645.902	28	0.000	

Legend: χ^2 , Chi-Square; *df*, degrees of freedom; *p*, probability value or significance; KMO, Kaiser-Meyer-Olkin measure of sampling adequacy; α , Cronbach's alpha.

Research instrument adapted from: Robinson et al. (2004)*¹; Gallup (2006)*².

Source: Own research.

Table A3. Bartlett's test of sphericity.

Bartlett's test of sphericity			
Component	χ^2	<i>df</i>	<i>p</i>
Leadership	10,225.217	36	0.000
Employee relations	8684.316	15	0.000
Employee commitment	3451.809	21	0.000
Employee satisfaction	4817.517	21	0.000
Employee motivation	7701.536	21	0.000

Source: Own research.