

ABSTRACT

Any company would like to respond accurately to any change occurs in today's global and liberal area. Employees should not only work hard but also smartly. Besides, they have to get support from their leaders and to understand the organizational structure so that they will not regard themselves important than others or vice versa. This research was aimed at observing how commitment of the leaders, understanding on the organizational structure and empowerment of the employees affect the organizational climate and the employees' performance; this is due to the fact that the goal of any organization is to increase its operational results. The operational results, however, is dependent upon the performance of the employees and supported by conducive organizational climate.

The variables of commitment of the leaders, understanding on the organizational structure, and empowerment of the employees were predicted affecting organizational climate, either individually or simultaneously. It was also predicted that the performance of the employees is affected by the climate. The commitment of the leaders, understanding on the organizational structure, and empowerment of the employees might refine the organizational climate. Climate in organization is determined by the style of the leaders; how they direct and reward their employees. It is also affected by the empowerment and involvement of the employees; once the employees involved, they feel honored. In addition, climate is closely related to the organizational structure. Previous studies showed that centralization and conflict in organization affected the organizational climate which in turn influenced the performance of the employees.

The result of this research shows that the commitment of the leaders, understanding on the organizational structure, and empowerment of the employees influenced significantly the organizational climate (0.000) with influence rate of 33.9%. Partially, the variables of commitment of the leaders, understanding on the organizational structure, and empowerment of the employees affected significantly the organizational climate (0.05). Likewise, the organizational climate affected significantly the employees' performance (0.000) with influence rate of 27.4%.

Accordingly, it can be concluded that variables of commitment of the leaders, understanding on the organizational structure, and empowerment of the employees affected the employees' performance via moderator variable namely organizational climate. The presence of the organizational climate made the relation between variable X and Y stronger.