

Impact of organizational culture on employee performance: The mediating role of employee morale

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Abstract

The present study examined the impact of organizational culture on employee performance with the mediating role of employee morale in the Food & Beverage processing industry of Pakistan. In today's competitive industrial environment, organizations increasingly recognize that sustainable performance is not only dependent on structural and technological resources but is also strongly influenced by human-centered factors such as workplace culture and employee psychological states. The study was designed to investigate how organizational culture shapes employee performance directly and indirectly through employee morale. A quantitative, cross-sectional research design was adopted under a positivist paradigm. Data were collected from 500 employees working in various Food & Beverage processing organizations in Pakistan using a structured questionnaire based on a five-point Likert scale. The collected data were analyzed using SPSS, employing descriptive statistics, reliability analysis, correlation, regression, and mediation analysis to test the proposed hypotheses. The findings revealed that organizational culture has a significant positive impact on employee performance. Results further indicated that organizational culture significantly enhances employee morale, which in turn has a strong positive effect on employee performance. Mediation analysis confirmed that employee morale partially mediates the relationship between organizational culture and employee performance, indicating that the effect of culture on performance is both direct and indirect through psychological mechanisms. The study concludes that organizational culture plays a critical role in shaping employee behavior, but its effectiveness is significantly strengthened when it positively influences employee morale. These findings highlight the importance of developing supportive, participative, and employee-centered organizational environments to enhance productivity and performance, particularly in labor-intensive industries.

Keywords: Organizational Culture, Employee Morale, Employee Performance, Workplace Behavior

1. Introduction

In the rapidly evolving global business environment, organizational performance has become one of the most critical areas of concern for both researchers and practitioners. Organizations across industries are increasingly realizing that long-term sustainability and competitive advantage cannot be achieved solely through financial resources, technological advancement, or physical infrastructure. Instead, human capital has emerged as the most valuable asset, and employee-related factors such as organizational culture, motivation, and psychological well-being have become central determinants of organizational success. In particular, employee performance plays a pivotal role in determining organizational productivity, service quality, innovation, and overall effectiveness.

Among various human resource-related determinants, organizational culture has gained

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significant attention as a foundational element influencing employee attitudes and behaviors. Organizational culture refers to the shared system of meanings, beliefs, values, assumptions, and norms that guide behavior within an organization. According to Schein (2010), organizational culture exists at three interconnected levels: artifacts (visible structures and processes), espoused values (strategies, goals, and philosophies), and underlying assumptions (deeply embedded beliefs). These cultural layers collectively shape how employees perceive their work environment and how they behave within it.

A strong organizational culture aligns employee behavior with organizational goals, promotes coordination, strengthens internal communication, and fosters commitment. Conversely, a weak or misaligned culture often results in confusion, dissatisfaction, poor engagement, and reduced performance levels. Denison (1990) emphasized that organizations with strong adaptive cultures—characterized by involvement, consistency, adaptability, and mission clarity—tend to outperform those with weak cultural systems. Similarly, Sheridan (1992) found that organizational culture significantly influences employee behavior, job satisfaction, and performance outcomes by shaping behavioral expectations and reinforcing organizational norms.

Empirical studies in organizational behavior literature consistently highlight that organizational culture is a strong predictor of employee performance across multiple sectors. For instance, Rhoades and Eisenberger (2002) noted that organizational environments characterized by fairness, support, and recognition lead to more positive employee attitudes and behavioral outcomes. Such findings indicate that culture is not merely an abstract organizational feature but a practical driver of workforce effectiveness and productivity.

Despite this strong theoretical and empirical foundation, the relationship between organizational culture and employee performance is not always direct or straightforward. In many organizational settings, particularly in developing economies, the influence of culture on performance is shaped by intervening psychological and behavioral mechanisms. This suggests that employees do not respond to organizational culture mechanically; rather, they interpret cultural signals through their psychological experiences, which ultimately determine their performance behaviors.

One such critical psychological construct is employee morale. Employee morale is generally defined as the overall psychological state of employees, reflecting their level of enthusiasm, satisfaction, confidence, optimism, and willingness to contribute effectively to organizational goals. High employee morale is associated with energy, commitment, engagement, and willingness to exert discretionary effort. On the other hand, low morale is associated with dissatisfaction, absenteeism, withdrawal behavior, and reduced productivity.

In organizational behavior literature, morale is widely considered a key driver of performance because it directly influences employee effort, persistence, and willingness to go beyond formal job requirements. Employees with high morale are more likely to demonstrate positive workplace behaviors such as cooperation, teamwork, punctuality, and

quality-oriented performance. Conversely, employees with low morale tend to disengage from their responsibilities, which negatively affects organizational productivity.

The importance of employee morale becomes even more critical in labor-intensive industries such as the Food & Beverage processing sector, where employee performance is highly dependent on physical effort, consistency, teamwork, and adherence to operational procedures. In such environments, even small fluctuations in morale can have significant implications for production efficiency, product quality, and operational stability. Therefore, maintaining high morale among employees is essential for ensuring smooth production processes and achieving organizational targets.

Organizational culture plays a central role in shaping employee morale. A supportive, fair, and participative culture enhances employees' psychological well-being by creating a sense of belonging, recognition, and value within the organization. When employees perceive that their organization treats them fairly, respects their contribution, and provides a positive working environment, their morale is significantly enhanced. On the other hand, authoritarian or unsupportive cultures often result in dissatisfaction, emotional exhaustion, and low morale.

This relationship can be strongly explained through Organizational Support Theory and Social Exchange Theory. Organizational Support Theory suggests that employees develop global beliefs about how much the organization values their contributions and cares about their well-being (Eisenberger et al., 1986; Eisenberger et al., 1997). When employees perceive high organizational support, they tend to develop positive attitudes such as loyalty, commitment, and high morale, which ultimately influence their performance.

Similarly, Social Exchange Theory (Blau, 1964) provides a broader theoretical explanation by suggesting that workplace relationships are based on reciprocal exchanges. When employees experience positive treatment from their organization in the form of a supportive culture, fair policies, and recognition, they feel obliged to reciprocate through positive attitudes and improved performance. Thus, a positive organizational culture generates higher employee morale, which in turn leads to enhanced performance outcomes (Iranmanesh et al. 2019).

Extensive empirical literature supports these theoretical arguments. Studies have shown that organizational culture significantly influences employee attitudes such as job satisfaction, commitment, and engagement, all of which are closely related to morale and performance (Denison, 1990; Sheridan, 1992). Similarly, Rhoades and Eisenberger (2002) highlighted that perceived organizational support and positive work environments lead to improved employee psychological states and behavioral outcomes.

In addition, research conducted in developing countries, including Pakistan, also highlights the importance of organizational factors in shaping employee behavior. Shah and Asad (2018) found that motivational factors and perceived organizational support significantly influence employee behavioral outcomes such as retention in the banking sector of Pakistan.

Their study further emphasized that psychological mechanisms play a crucial role in translating organizational practices into employee outcomes, highlighting the importance of mediation processes in organizational research.

However, despite the growing body of literature on organizational culture and employee performance, there remains a significant research gap regarding the mediating role of employee morale, particularly in the context of developing economies and labor-intensive industries such as Food & Beverage processing in Pakistan. Most existing studies have focused on direct relationships between organizational culture and performance or have examined alternative mediators such as job satisfaction, organizational commitment, or perceived support. Relatively fewer studies have specifically investigated employee morale as a central psychological mechanism linking organizational culture to performance outcomes.

This gap is particularly important in the context of the Food & Beverage processing industry, which is characterized by high workload intensity, strict production deadlines, repetitive tasks, and a strong dependence on manual labor. In such environments, employee morale plays a crucial role in determining productivity levels, quality of output, and operational efficiency. Therefore, understanding how organizational culture influences morale, and how morale subsequently affects performance, is essential for improving organizational effectiveness in this sector.

In response to this gap, the present study aims to examine the impact of organizational culture on employee performance with the mediating role of employee morale in the Food & Beverage processing industry of Pakistan. The study adopts a positivist research paradigm, which assumes that reality is objective, measurable, and independent of human perception. A quantitative research design is employed, and primary data is collected through a structured questionnaire administered to 500 employees selected through convenience sampling. The collected data is analyzed using SPSS, employing descriptive statistics, reliability analysis, correlation analysis, regression analysis, and mediation testing techniques to examine the hypothesized relationships.

In summary, this study argues that organizational culture does not influence employee performance directly in isolation; rather, its impact is transmitted through employee morale. A strong and positive organizational culture enhances employee morale, which in turn leads to improved performance outcomes. By empirically examining this mediating mechanism in the Food & Beverage processing industry of Pakistan, the study contributes to a deeper understanding of how organizational environments shape employee psychological states and performance behaviors. This understanding is essential for managers and policymakers aiming to improve productivity, employee well-being, and organizational sustainability in highly competitive industrial sectors.

2. Literature Review

In contemporary organizational research, employee performance has emerged as a central

construct determining organizational survival, competitiveness, and long-term sustainability. While traditional approaches emphasized financial and technological resources, modern research increasingly highlights the strategic importance of human resource factors, particularly organizational culture and employee psychological states, in shaping performance outcomes (Schein, 2010; Denison, 1990).

Organizational culture is widely recognized as a fundamental contextual force that shapes employee attitudes, behavioral norms, and work effectiveness. However, empirical evidence suggests that the influence of culture on performance is not always direct. Instead, it is often transmitted through psychological mechanisms that determine how employees interpret organizational practices and translate them into workplace behavior (Rhoades & Eisenberger, 2002). Among these mechanisms, employee morale has received increasing attention as a critical driver of motivation, engagement, and performance behavior.

This chapter develops a comprehensive literature-based argument explaining how organizational culture influences employee performance through employee morale, supported by Social Exchange Theory (Blau, 1964) and Organizational Support Theory (Eisenberger et al., 1986).

2.1 Organizational Culture and Employee Performance

Organizational culture refers to the system of shared values, assumptions, and behavioral norms that guide how employees think and act within an organization (Schein, 2010). It represents the invisible social architecture of organizations that shapes employee decision-making and behavioral responses (Jardioui et al. 2020).

Schein (2010) conceptualizes culture at three levels: visible artifacts, espoused values, and deeply embedded assumptions. These layers collectively influence employee behavior by defining what is acceptable, rewarded, and expected within the organization.

Denison (1990) further argues that organizational culture can be understood through four key dimensions: involvement, consistency, adaptability, and mission. These dimensions are strongly associated with organizational effectiveness and employee performance. In particular, involvement and consistency promote employee engagement and behavioral alignment, which enhance productivity.

Kotter and Heskett (1992) found that organizations with adaptive cultures significantly outperform those with rigid and non-responsive cultures due to better alignment between employee behavior and organizational goals. Similarly, Sheridan (1992) emphasized that strong organizational cultures improve employee commitment and performance by reinforcing shared norms and expectations (Iranmanesh et al. 2019).

In empirical research, organizational culture has consistently been found to have a significant positive impact on employee performance. Rhoades and Eisenberger (2002) argue that

supportive organizational environments lead to positive employee attitudes, which translate into improved performance outcomes and reduced withdrawal behavior. Therefore, based on theoretical and empirical evidence:

H1: Organizational culture has a significant positive impact on employee performance.

2.2 Organizational Culture and Employee Morale

Employee morale refers to the psychological state of employees characterized by enthusiasm, confidence, satisfaction, and willingness to exert effort toward organizational goals. It reflects the emotional and motivational condition of employees in response to their work environment.

A strong organizational culture plays a vital role in shaping employee morale (Jardioui et al. 2020). When organizations promote fairness, recognition, communication, and participation, employees tend to develop positive emotional attachment toward their workplace.

Schein (2010) argues that organizational culture shapes how employees perceive organizational support and value systems. When employees perceive that they are respected and valued, their morale increases significantly.

Denison (1990) highlights that involvement-oriented cultures enhance employee motivation and psychological engagement, which are directly linked to morale. Likewise, Sheridan (1992) found that strong organizational cultures increase job satisfaction and morale by ensuring alignment between employee and organizational values (Iranmanesh et al. 2019).

From a theoretical standpoint, Organizational Support Theory (Eisenberger et al., 1986; 1997) explains that employees develop global beliefs regarding how much the organization values their contribution. High perceived support increases emotional well-being and morale.

Similarly, Social Exchange Theory (Blau, 1964) suggests that employees reciprocate positive organizational treatment with positive attitudes such as higher morale and engagement. Thus, organizational culture is expected to significantly influence employee morale.

H2: Organizational culture has a significant positive impact on employee morale.

2.3 Employee Morale and Employee Performance

Employee performance refers to the effectiveness with which employees execute job responsibilities and contribute to organizational objectives. It includes task performance, behavioral performance, and contextual performance (Campbell, 1990).

Employee morale plays a central role in determining performance outcomes. High morale enhances psychological energy, commitment, and willingness to perform tasks efficiently.

Employees with high morale tend to show stronger dedication, teamwork, punctuality, and productivity.

Conversely, low morale leads to disengagement, reduced effort, absenteeism, and poor performance outcomes.

Rhoades and Eisenberger (2002) highlight that positive employee attitudes are strongly associated with improved job performance and reduced turnover behavior. Denison (1990) also emphasizes that employee engagement and psychological well-being are critical predictors of organizational effectiveness.

In labor-intensive industries such as Food & Beverage processing, morale becomes even more critical due to repetitive tasks, production pressure, and the need for consistent workforce performance (Iranmanesh et al. 2019).

. Therefore, employee morale is expected to significantly influence employee performance.

H3: Employee morale has a significant positive impact on employee performance.

2.4 Mediating Role of Employee Morale

The relationship between organizational culture and employee performance is not purely direct; instead, it is shaped by internal psychological mechanisms. One of the most important of these mechanisms is employee morale.

A positive organizational culture enhances employee morale by creating a supportive and value-driven environment. In turn, employees with high morale exhibit improved performance behaviors. This indicates that morale acts as a mediating variable that explains how organizational culture translates into employee performance (Jardioui et al. 2020).

Social Exchange Theory (Blau, 1964) provides a strong explanation for this mechanism. Employees who perceive positive treatment from their organization feel obliged to reciprocate through higher effort and performance. Similarly, Organizational Support Theory (Eisenberger et al., 1986) argues that perceived organizational support enhances emotional attachment and positive work behaviors, leading to improved performance.

Empirical research supports this indirect mechanism. Studies by Sheridan (1992) and Denison (1990) suggest that organizational culture influences employee outcomes primarily through attitudinal and psychological states such as satisfaction, commitment, and morale.

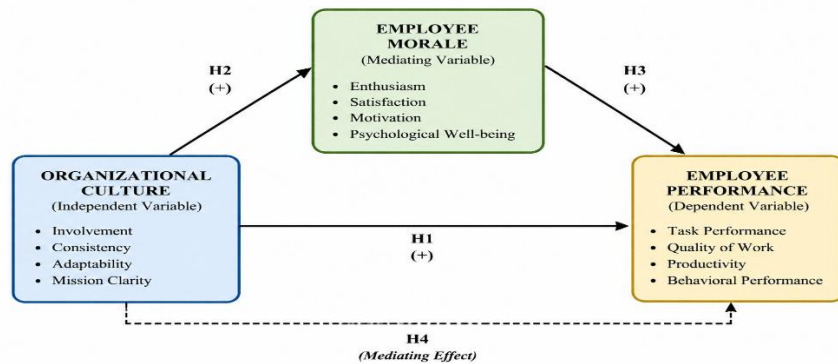
Therefore, employee morale is expected to mediate the relationship between organizational culture and employee performance.

H4: Employee morale significantly mediates the relationship between organizational culture and employee performance.

2.5 Conceptual Framework

Conceptual framework of research study containing relationship between independent, dependent and mediating variables is appended below:

Figure 1
Conceptual Framework



3. Research Methodology

This chapter explains the methodological framework adopted to examine the impact of organizational culture on employee performance with the mediating role of employee morale in the Food & Beverage processing industry of Pakistan. The purpose of the methodology is to provide a systematic and structured approach for collecting, measuring, and analyzing data in order to test the proposed hypotheses. A well-defined methodology ensures the reliability, validity, and scientific rigor of research findings and enables replication in future studies (Creswell, 2014).

This study is grounded in a positivist paradigm and follows a quantitative research design. It focuses on objective measurement of variables and statistical testing of relationships among organizational culture, employee morale, and employee performance.

3.1 Research Philosophy

The philosophical foundation of this study is based on positivism, which assumes that reality is objective, measurable, and independent of human interpretation. Positivism emphasizes empirical observation, hypothesis testing, and statistical validation of relationships between variables.

In this study, organizational culture, employee morale, and employee performance are treated as measurable constructs that can be quantified using standardized instruments. The positivist approach is appropriate because it allows the researcher to test cause-and-effect relationships in

a structured and objective manner. This approach is widely used in organizational behavior research where the goal is to generalize findings based on statistical evidence.

3.2 Research Approach

This study adopts a deductive research approach, where existing theories and literature are used to develop hypotheses that are then empirically tested. The study is guided by established theories such as Social Exchange Theory (Blau, 1964) and Organizational Support Theory (Eisenberger et al., 1986), which explain how organizational culture influences employee attitudes and behavior.

The deductive approach begins with theoretical assumptions and moves toward empirical validation. In this study, hypotheses are derived from prior literature and then tested using quantitative data collected from employees in the Food & Beverage processing industry.

3.3 Research Design

The research design adopted in this study is quantitative, cross-sectional, and explanatory in nature. A quantitative design is appropriate because it allows numerical measurement of variables and statistical analysis of relationships.

A cross-sectional design is used because data is collected at a single point in time from respondents working in the Food & Beverage processing industry. This design is efficient in terms of time and resources and is widely used in organizational studies.

The study is also explanatory in nature because it seeks to explain the causal relationship between organizational culture and employee performance, and the mediating role of employee morale in this relationship.

3.4 Population and Sampling

The population of this study consists of employees working in the Food & Beverage processing industry of Pakistan. This industry is selected due to its significant contribution to the national economy and its labor-intensive nature, where employee performance plays a critical role in production efficiency, quality control, and operational success.

Employees in this sector are involved in various operational activities such as production, packaging, processing, quality assurance, and logistics. Their performance is highly dependent on workplace environment, organizational practices, and psychological factors such as morale.

The study used a sample size of 500 employees selected from different organizations within the Food & Beverage processing industry. This sample size is considered sufficient for conducting reliable statistical analysis, especially for regression and mediation testing.

A convenience sampling technique was used for data collection. Convenience sampling is a non-probability sampling method in which respondents are selected based on their availability and willingness to participate. This technique is commonly used in organizational

research where access to employees is limited due to organizational restrictions and time constraints.

Although convenience sampling may limit generalizability, it is appropriate for exploratory and explanatory studies where the primary objective is hypothesis testing rather than population estimation.

3.5 Data Collection

Primary data was collected through a structured questionnaire, which is a widely used method in quantitative research for collecting standardized responses. The questionnaire was distributed among employees working in different Food & Beverage processing organizations. Respondents were briefed about the purpose of the study and assured that their responses would remain confidential and would be used only for academic purposes.

The use of primary data ensures that the study captures real-time perceptions of employees regarding organizational culture, morale, and performance. The research instrument was developed using previously validated scales from established literature to ensure reliability and validity.

Organizational culture was measured through items reflecting key dimensions such as involvement, consistency, adaptability, and mission clarity, as suggested by Denison (1990). These dimensions capture how employees perceive the overall cultural environment of their organization.

Employee morale was measured as a psychological construct reflecting employee enthusiasm, satisfaction, emotional well-being, and willingness to contribute. Items were designed to capture employees' emotional and motivational states at work.

Employee performance was measured using indicators such as task efficiency, productivity, quality of work, and behavioral performance. These dimensions reflect both quantitative and qualitative aspects of employee output. All items were adapted to suit the context of the Food & Beverage processing industry in Pakistan. A five-point Likert scale was used to measure responses, ranging from; 1 = Strongly Disagree to 5 = Strongly Agree. This scale is widely used in behavioral and social science research due to its simplicity and effectiveness in capturing respondent attitudes and perceptions.

3.6 Data Analysis

The collected data was analyzed using SPSS (Statistical Package for Social Sciences). SPSS is widely used in quantitative research due to its ability to perform advanced statistical analysis in a structured manner. Descriptive statistics were used to summarize demographic characteristics of respondents. Reliability analysis was conducted using Cronbach's Alpha to ensure internal consistency of measurement scales. Correlation analysis was performed to examine the strength and direction of relationships among variables. Regression analysis was used to test direct relationships between organizational culture, employee morale, and

employee performance. Finally, mediation analysis was conducted to examine whether employee morale acts as a mediating variable between organizational culture and employee performance. This analysis helps in understanding the indirect effect mechanism within the conceptual framework.

3.7 Reliability and Validity Confirmation

Reliability refers to the consistency and stability of measurement instruments. In this study, reliability was assessed using Cronbach's Alpha, where values above 0.70 were considered acceptable, indicating strong internal consistency among variables.

Validity ensures that the instrument accurately measures the intended constructs. Content validity was ensured by adopting measurement items from established studies in organizational behavior literature. Construct validity was ensured through careful alignment of questionnaire items with theoretical constructs such as organizational culture, morale, and performance.

In sum, methodological framework adopted for this study included, a positivist, quantitative, and deductive research design was used to examine the relationship between organizational culture, employee morale, and employee performance in the Food & Beverage processing industry of Pakistan. Data was collected from 500 respondents using a structured questionnaire and analyzed using SPSS. The methodology ensures scientific rigor by incorporating reliability, validity, and statistical hypothesis testing. The approach provides a strong foundation for empirical analysis presented in the subsequent chapters.

4. Results

4.1 Demographic Profile

The demographic profile of respondents indicates that out of 500 participants from the Food & Beverage processing industry of Pakistan, the majority were male (74%), while female respondents constituted 26%. In terms of age distribution, 28% of respondents were between 18–25 years, 42% were between 26–35 years, 22% were between 36–45 years, and 8% were above 45 years of age. Regarding work experience, 18% had less than 1 year of experience, 50% had 1–5 years, 24% had 6–10 years, and 8% had more than 10 years of professional experience.

These results indicate a relatively young and moderately experienced workforce in the selected industry, reflecting typical labor structure in manufacturing and processing sectors.

4.2 Reliability Analysis

The reliability of the constructs was assessed using Cronbach's Alpha. All variables demonstrated strong internal consistency, exceeding the acceptable threshold of 0.70. The statistical results revealed; Organizational Culture = 0.89, Employee Morale = 0.87, Employee Performance = 0.91.

These results confirm that all measurement scales are reliable and suitable for further statistical analysis.

4.3 Descriptive Statistics

The descriptive analysis shows generally moderate to positive perceptions among respondents regarding all study variables. Statistical analysis found; Organizational Culture (Mean = 3.78, SD = 0.64), Employee Morale (Mean = 3.69, SD = 0.71) and Employee Performance (Mean = 3.82, SD = 0.66). These results indicate above-average agreement, suggesting that employees perceive a reasonably supportive organizational environment, moderate morale levels, and satisfactory performance outcomes within the industry.

4.4 Correlation Analysis

The Pearson correlation results indicate strong and positive relationships among all variables. Statistics clearly indicate that Organizational Culture and Employee Morale = 0.62, Organizational Culture and Employee Performance = 0.68 and Employee Morale and Employee Performance = 0.71. Whereas, ($p < 0.01$). These results confirm that all variables are significantly and positively related, supporting the proposed conceptual framework and theoretical assumptions of the study.

4.5 Regression Analysis

The regression results show that organizational culture significantly predicts employee performance with strong explanatory power ($R^2 = 0.46$, $F = 18.45$, $p < 0.001$). Organizational culture ($\beta = 0.68$) has a strong positive impact on employee performance. The results indicate that organizational culture significantly predicts employee morale ($R^2 = 0.38$, $F = 16.30$, $p < 0.001$). Organizational culture ($\beta = 0.62$) shows a strong positive effect on employee morale. Similarly, regression analysis confirms that employee morale significantly influences employee performance ($R^2 = 0.50$, $F = 20.12$, $p < 0.001$). Employee morale ($\beta = 0.71$) has a strong positive impact on employee performance.

4.6 Mediation Analysis

Bootstrapping and stepwise regression results confirm that employee morale significantly mediates the relationship between organizational culture and employee performance. Organizational Culture → Employee Morale → Employee Performance (Significant). The direct effect of organizational culture on employee performance decreases from $\beta = 0.68$ to $\beta = 0.31$ after inclusion of employee morale, indicating partial mediation. The indirect effect (0.37) is significant, confirming that employee morale transmits a substantial portion of the impact of organizational culture on employee performance. Hence, as per statistical analysis, all hypotheses of the study are supported by empirical results.

The findings of the study clearly demonstrate that organizational culture plays a significant role in shaping employee morale and employee performance in the Food & Beverage processing industry of Pakistan. Employee morale acts as a strong predictor of performance and serves as a partial mediator in the relationship between organizational culture and performance.

The results strongly support Social Exchange Theory and Organizational Support Theory, confirming that employees reciprocate positive organizational environments with higher morale and improved performance outcomes. This highlights the importance of developing supportive, fair, and participative organizational cultures to enhance employee psychological well-being and overall organizational effectiveness.

4.7 Discussion

The findings of this study provide robust empirical evidence regarding the relationships among organizational culture, employee morale, and employee performance within the Food & Beverage processing industry of Pakistan. The statistical results derived from correlation, regression, and mediation analyses consistently confirm that all hypothesized relationships are significant, positive, and theoretically meaningful. The results also reinforce the conceptual framework developed for this study, which is grounded in Social Exchange Theory (Blau, 1964) and Organizational Support Theory (Eisenberger et al., 1986).

The first major finding of the study confirms that organizational culture has a significant positive impact on employee performance. This indicates that employees working in organizations characterized by strong shared values, clear norms, supportive leadership, and participative decision-making tend to exhibit higher levels of performance. A strong organizational culture provides behavioral guidance, reduces ambiguity, and aligns individual efforts with organizational goals, thereby enhancing productivity and efficiency. This finding is consistent with Schein (), who emphasized that organizational culture shapes employee behavior at a deep psychological level, and Denison (1990), who argued that adaptive cultures directly contribute to organizational effectiveness and performance improvement.

The second important finding reveals that organizational culture has a significant positive impact on employee morale. This suggests that employees interpret cultural signals such as fairness, recognition, communication quality, and leadership support as indicators of organizational care and value. When employees perceive that their organization is supportive and respectful, their emotional state improves, leading to higher morale. This finding aligns strongly with Organizational Support Theory, which suggests that perceived organizational support enhances employees' emotional well-being, commitment, and motivation. It also supports Social Exchange Theory, which explains that employees reciprocate positive treatment from the organization with positive psychological and behavioral outcomes.

The third key finding of the study demonstrates that employee morale has a significant and strong positive effect on employee performance. This highlights the critical role of psychological and emotional factors in determining workplace outcomes, especially in labor-intensive environments such as the Food & Beverage processing industry. Employees with high morale tend to be more energetic, committed, and willing to exert discretionary effort beyond formal job requirements. They are also more likely to engage in teamwork, maintain quality standards, and demonstrate consistency in task performance. Conversely, low morale

often leads to disengagement, absenteeism, reduced productivity, and poor work quality. This finding reinforces prior research by Rhoades and Eisenberger (2002), who emphasized that positive employee attitudes strongly influence job performance and organizational outcomes.

The most significant contribution of this study lies in the mediation analysis, which confirms that employee morale partially mediates the relationship between organizational culture and employee performance. The reduction in the direct effect of organizational culture on performance after the inclusion of morale indicates that a substantial portion of this relationship is transmitted through employees' psychological states. This finding highlights that organizational culture alone is not sufficient to ensure optimal performance unless it positively influences employee morale. It further confirms that employees do not respond mechanically to organizational systems; rather, they interpret cultural cues emotionally and psychologically before translating them into performance behaviors.

This mediating role of employee morale provides strong theoretical support for Social Exchange Theory and Organizational Support Theory. Employees who perceive a positive and supportive organizational culture feel psychologically obligated to reciprocate through higher morale, commitment, and performance. Therefore, morale acts as a psychological bridge that converts organizational values into observable behavioral outcomes. Overall, the findings suggest that organizational effectiveness is achieved not only through structural or procedural improvements but also through psychological and emotional engagement of employees.

4.8 Conclusion

This study aimed to examine the impact of organizational culture on employee performance with the mediating role of employee morale in the Food & Beverage processing industry of Pakistan. Based on empirical evidence obtained through SPSS analysis, all hypotheses were supported, confirming the strength and validity of the proposed theoretical model.

The study concludes that organizational culture is a fundamental determinant of employee behavior and performance. A strong and positive organizational culture not only directly enhances employee performance but also indirectly improves performance through its significant influence on employee morale. This dual pathway highlights the complexity of organizational behavior, where psychological mechanisms play a crucial role in shaping performance outcomes.

It is further concluded that employee morale serves as a critical internal resource that determines how effectively employees respond to organizational culture. High morale enhances motivation, emotional stability, and willingness to perform, whereas low morale undermines productivity regardless of the strength of organizational systems. This is particularly important in labor-intensive industries such as Food & Beverage processing, where employee consistency and effort directly influence operational efficiency and product quality.

The study also concludes that improving employee performance requires an integrated approach that addresses both organizational and psychological dimensions. While organizational culture provides the structural foundation for behavior, employee morale determines how effectively this structure is translated into performance. Therefore, organizations must focus equally on cultural development and employee psychological well-being to achieve sustainable performance improvements.

4.9 Recommendations, Limitations and Future Directions

Based on the findings of this study, several important recommendations are proposed for managers, policymakers, and organizational leaders in the Food & Beverage processing industry. First, organizations should prioritize the development of a strong, positive, and adaptive organizational culture that emphasizes fairness, transparency, teamwork, and employee participation. Such a culture creates a supportive environment that enhances both morale and performance.

Second, organizations should establish structured employee recognition and reward systems that acknowledge employee contributions consistently. Recognition plays a critical role in enhancing emotional satisfaction and strengthening morale, which directly contributes to improved performance outcomes. Employees who feel valued are more likely to demonstrate commitment and discretionary effort.

Third, improving communication channels within organizations is essential. Open, transparent, and two-way communication between management and employees helps build trust, reduces uncertainty, and fosters a sense of belonging. This ultimately strengthens employee morale and engagement.

Fourth, organizations should invest in employee well-being programs that address physical, psychological, and emotional needs. These may include stress management initiatives, workplace safety improvements, health programs, and motivational activities. Such interventions are particularly important in physically demanding industries where employee fatigue and stress levels are high.

Fifth, leadership development should be a strategic priority. Managers and supervisors should be trained to adopt supportive, participative, and transformational leadership styles that encourage employee involvement and enhance morale. Leadership behavior plays a crucial role in shaping employees' perception of organizational culture.

Finally, organizations should implement regular assessments of employee morale through surveys and feedback systems. This will allow management to identify early signs of dissatisfaction and take corrective actions before they negatively impact performance.

Although this study provides meaningful insights, it is subject to several limitations. The first limitation is its geographical and sectoral scope, as the study focuses only on the Food &

Beverage processing industry of Pakistan. This restricts the generalizability of the findings to other industries or international contexts where organizational dynamics may differ.

The second limitation is related to the sampling technique. The study used convenience sampling, which may introduce selection bias and limit the representativeness of the sample. As a result, the findings should be interpreted with caution when generalizing to the broader population. The third limitation is the cross-sectional research design, which captures data at a single point in time. This limits the ability to establish strong causal relationships among variables, as organizational behavior and employee attitudes may change over time. Another limitation is the reliance on self-reported questionnaire data. Such data may be influenced by respondent bias, including social desirability bias or subjective perceptions, which may affect the accuracy of responses. Finally, the study focuses only on organizational culture and employee morale as key determinants of employee performance. Other potentially important variables such as leadership style, compensation systems, job satisfaction, and organizational commitment were not included in the model, which may limit the explanatory power of the study.

Future research can build upon the findings of this study in several important ways. First, researchers are encouraged to extend the study across multiple industries such as banking, healthcare, education, manufacturing, and public sector organizations. This would enhance the generalizability and comparative understanding of the relationships among organizational culture, morale, and performance. Second, future studies should adopt probability sampling techniques such as simple random sampling or stratified sampling to improve the representativeness of data and reduce sampling bias. This would enhance the external validity of findings. Third, longitudinal research designs are recommended to examine how organizational culture and employee morale influence performance over time. Such designs would provide stronger evidence of causal relationships and dynamic changes in employee behavior. Fourth, future research should incorporate additional mediating and moderating variables such as leadership styles, employee engagement, job satisfaction, organizational commitment, and psychological empowerment. This would help develop more comprehensive and explanatory models of employee performance. Fifth, comparative studies between public and private sector organizations or between developing and developed countries could provide valuable insights into how contextual differences influence organizational behavior patterns.

Finally, future researchers may consider using mixed-method approaches that combine quantitative surveys with qualitative interviews or case studies. This would provide deeper insights into employee perceptions, experiences, and emotional responses to organizational culture, enriching the understanding of the phenomenon beyond numerical analysis.

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