



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATES STUDIES**

**THE EFFECT OF WORK ENVIRONMENT ON EMPLOYEES
PERFORMANCE CASE STUDY AT BANK OF ABYSSINIA**

BY

HIWOT ASAMINEW DESTA

JULY, 2021

ADDIS ABABA, ETHIOPIA

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**A THESIS SUBMITTED TO ST. MARY UNIVERSITY, SCHOOL OF
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REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION**

JULY, 2021

ADDIS ABABA, ETHIOPIA

Declaration

I declare that this research project “*The Effect of Work Environment on Employees Performance: Case Study at Bank of Abyssinia*” is my original work and has never been submitted to any other University for assessment or award of a degree, and that all sources of materials used for the study have been duly acknowledged.

Signature: Hiwot Asaminew Date:

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SGS/0272/2011A

CERTIFICATE OF THESIS APPROVAL

This is to certify that the thesis entitled: **The Effect of Work Environment on Employees Performance at Bank of Abyssinia** is prepared by **Hiwot Asaminew** and submitted in partial fulfillment of the requirements for the Degree of Master of Business Administration complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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Acronyms/Abbreviations

BOA Bank of Abyssinia

SPSS Statistical Package for Social Sciences

ANOVA..... Analysis of Variance

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Abstract

This research is conducted to study the effects of work environment variables on employees' performance in the case of Bank of Abyssinia. The study was conducted on 215 samples of the head office organs and six convenience branches. Both quantitative and qualitative research approaches were used using non-random sampling method of Judgmental sampling. Both questionnaires and interview are used as data instruments. The questionnaire response rate was 93% and they are encoded and inserted to SPSS for reliability of the data which has got a cronbach's alpha coefficient of 0.875 and hence enable to undertake further analysis. The highest mean value on each sub-dimensions of the work environment goes to physical environment which indicates the least satisfaction value perceived by the respondents is the physical environment. The second is social environment and the relative better perception by the employees is to the psychological environment. The overall employee performance level has a mean value 2.53 which is nearer to neutral. Correlation analysis was also conducted to determine the relationship of working environment components and employee performance and the findings revealed that high correlation to the psychological and social variables so indicates much more effort and should be done by the management on the physical work environment sub-dimensions to increase the employee morale and performance.

Key Words: physical, psychological and social environment, Employees' performance

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

In today's competitive business environment, organizations can no longer afford to waste the potential of the workforce. There are key factors in the employee's workplace environment that impact greatly on their level of motivation and performance. The workplace environment impacts employee morale, productivity and engagement both positively and negatively. In an effort to motivate workers, firms have implemented a number of practices such as performance based pay, employment security agreements, practices to help balance work and family. Factors of workplace environment play an important role towards the employees' performance or productivity (Chandrasekar, 2011)

People are very happy to have a job, but many of them no longer become comfortable on their workplace and many of them no longer feel that their workplace is a second home since much of their time is spent in the office. This often leads them to feel forced to accommodate with the uncomfortable environment. An employee's workplace environment is a key determinant of the quality of work and level of productivity. How well the workplace engages an employee impacts his/her desire to learn skills and level of motivation to perform (khalid and et al, 2017).

The work environment can implicate the social relation at workplace and also maintain the relationship between colleague, supervisor and the organization. It describes the neighboring circumstances in which employees are working together. A satisfied, happy and hardworking employee is the biggest asset of any organization.

Effective results and productivity for any organization depend on the level of satisfaction of employees and work environment. Work environment is one of the most important factors, which influence the satisfaction, and motivational level of employees. Efficient human resource management and maintain good work environment or culture affects not only the performance of employee but also of the organization (Ruchi and et al, 2014).

The area of work environment is key factor in employee retention, it is also found that employee leave the job due to work environment. So, organizations should realize working conditions in their organization which have a role to play on employees in deciding whether to stay or leave. Good working conditions may serve as a motivating factor to employees (Irshad, 2009).

Work place has a great inducement for the employee morale specifically in the service industries since it has a face to face interaction with customers who are basis for the growth of the organization. One of the service industries is banking industry and in the present competitive business environment, service excellence is expected from banks. There are currently two government and 16 private banks in Ethiopia. Commercial Bank of Ethiopia and Development bank of Ethiopia are the two government banks and the others are private banks.

Bank of Abyssinia is one of the private banks which are providing a full-fledged banking operation of domestic, international and special banking services to its esteemed and valuable customers.

In two decades since its establishment, Bank of Abyssinia has registered a significant growth in paid up capital and total asset with its vision to be the bank of choice for customers, employees and shareholders. Its' mission is also to provide customer-focused financial services through competent, motivated employees and modern technology in order to maximize value to all stakeholders.

One of the elements of the mission is better serving the customers through competent and motivated employees which can be accomplished through creating conducive work environment. Therefore this study is designed to assess the impacts of work environment on employees' performance at Bank of Abyssinia.

1.2. Statement of the Problem

In a service area like customer based, the service provider is expected to deliver the required service timely as well as cost effective. Today, there is too much competition in Ethiopia specifically in the Banking Industry. New entrant banking sectors are coming in front so it is better to excel Banking services as the time demands.

Bank of Abyssinia (BOA) provides different Banking services to its customers in a competitive market environment. To win this competition as a service organization, the bank should maintain the work environment with adequate number of the right employees who serve its customers to avoid significant costs.

If working conditions are substandard or the workplace lacks important facilities, poor initial orientation to the newly-hired employee, absence of teamwork, and other health and safety provisions and weak organizational culture won't put employees with the inconvenience for long. These working conditions are not fulfilled by the BOA as equally as the time demands.

Among the most important one; the absence of motivational structure and lack of appropriate leadership in the organization; will lead employees' unwillingness to work towards the achievement of the organizational goal. This is also expected from individual employees of the BOA so as to deliver the required organizational performance in aggregate.

Bank of Abyssinia (BOA) is among the highly payer banks relative to other banks in Ethiopia. However even though the bank is of a highly payer, the researcher has examined that there are issues that are raised about performance and work environment on several trainings and meetings as there are problems which need investigation through conducting research. This is important since there was no research made in the bank regarding the work environment and its effect on employee's performance.

In light with the fact that conducive working environment have an impact on the performance of an organization and hence productivity, BOA has to strengthen the employee- organization relationship in its environment and this paper is to solve the areas where the bank lacks with respect to creating sound work environment to keep on the bank in its' competitive position.

Hence, the researcher is interested to study on this area since it is believed that success or failure of a given organization depends on the active participation and Performance of the employees who are the most important assets of organization.

1.3. Research Questions

- What is the extent of the existing work environment in Bank of Abyssinia?
- What is the level of employee performance in Bank of Abyssinia?
- What is the relationship of the work environment variables on employee's performance?
- What is the effect of work environment variables on employee's performance in BoA?
- Which factor of work environment accounts a lot towards employee's performance?

1.4. Objective of the Study

The main objective of this study is to assess the effect of working environment on employees' performance at Bank of Abyssinia.

1.4.1. The specific objectives of the study were:

- To explore the effects of physical work environment on employee's performance;
- To examine the psychological work environment on employee's performance;
- To rule out the relationship of the social work environment on employee's performance and
- To rule out the highest factor of work environment on employee's performance.

1.5. Significance of the Study

It is anticipated that the findings of the study pave a way for the management of the bank to accept the variable that affects employee's working environment and their productivity at the organization. Such an acceptance could be utilized to improve on the working conditions of employees. It is also helpful to enable the organization on how to address issues concerning the employees and its working environment in increasing employee's productivity.

It is therefore serving as a reference material for future researches in this area. The study is expected to provide knowledge and measures to improve the working environment of employees for better productivity in private banks like Bank of Abyssinia.

1.6. Scope of the study

The study is bounded to examine the impact of work environment on employees' performance of the Bank of Abyssinia based on the geographical location of employees. The three dimensions (physical, Psychological and social) are selected and considered as factors of work environment which have an effect on the employee performance of the bank. The employees to be selected for this specific study are employees found at head office and Addis Ababa city branches.

1.7. Limitations of the study

The limitation is the population under the study is only from Addis Ababa but doesn't affect the research output because the employees in Addis Ababa can represent the rest of the employees. This is due to some inconveniences followed by financial constraints in order to include outlying branch employees.

1.8. Organization of the paper

The thesis was organized by five chapters: In the first chapter all introductory parts of the study like background, problem statement, research questions, objective and significance of the study. The second chapter comprises theoretical and empirical literatures related to work environment and employees' performance done by different scholars. The methodology part in chapter three comprises the research design, target population, method of data collection, data analysis and ethical considerations and then followed by results and discussions on chapter four. Finally, chapter five covers the conclusion and recommendation part.

1.9. Operational Definitions

SPSS is a Statistical Package for Social Sciences software developed to undertake statistical analysis.

ANOVA is Analysis of Variance to investigate the association of each variable with dependent variables.

Reliability refers to the property of a measurement instrument that causes it to give similar results for similar inputs.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Theoretical Concepts

Banks play a key role in controlling the economic activities of a country. Those banks, indeed, created a lot of employment opportunity to the nation but they have challenged by the incidences of work environment imbalances. A stimulating work environment makes effective use of people's skills and knowledge, allows a degree of autonomy on the job, provides an avenue to contribute ideas, and allows to see how employees own contribution influence the company's well-being. This has a paramount importance in service giving organizations like banks. Employees who feel safer in the organization will be more engaged towards their work. Workplace's safety and health have very big implications on work engagement and overall business performances (Keah chin and et al, 2016)

The environment can be termed, as a man is closest surrounding which he can manipulate for his survival or existence. If this surrounding is wrongly manipulated, it may lead to unsafe situations rising and making it difficult for man's survival. Hazards because of the poorly managed surrounding can hinder employees productivity rate and lead to a low morale. This makes the workplace environment a very crucial determinant of the employee performance, morale, and productivity.

The workplace entails an environment in which the worker performs his work. An effective workplace is an environment where results can be achieved as expected by management. The physical environment can directly affect task performed in the workplace where the task is being performed. The physical environment as an aspect of the workplace environment has direct impact on the human sense and can slow change interpersonal interactions and thus productivity. This is so because the characteristics of a room or a place of meeting for a group have consequences regarding productivity and satisfaction level.

To better understand effectiveness on jobs, it is important to learn about links between job performance, people, and situation factors. Job performance is a very considerable factor influencing profitability of any organization (Bevan,2012).

Performance is important for organizations as employees' performance leads to business success. Also, performance is important for individuals, as achieving tasks can be a source of satisfaction (Muchhal, 2014). Performance is the result of work of a person or group in an organization at a particular time which reflects how well the person or group reach the qualification of a job in a mission of organization's goal achievement. Many factors could influence the employee's job performance including equipment, physical work environment, meaningful work, standard operating procedures, and reward for good or bad systems, performance expectancy, and feedback on performance, in addition to knowledge, skills and attitudes.

Employees are more than the most important asset, they play pivotal role in current operational performance and future competitive advantage. Employees spend their major part of their life in the organization within which they work. When people join, they bring with them the unique values and behaviors' that they have experienced. While every aspect of managing people in organizations is important, when they are all combined, they make up the organizational culture- perhaps the major determinant of effectiveness and performance. An effective organizational culture can be recognized as one factor that always seems to be associated with successful companies (R.S Weerathna and et al, 2014).

In today's industrialized and mechanical society, employers have been neglecting the importance of creating a conducive workplace where employees are given the prospects of having a variety of stimulating collaborative settings to make the working day more flexible, social and productive. Therefore, workspace is the most essential preliminary stage of design that can affect the whole interior workflow had it not been planned properly. Consequently, bad planning can cause loss of interest, comfort and increase stress.

Office employees spend most of their time inside the building in which they work in, therefore the physical environment of an office or workplace is important to develop a good and healthy working environment (Kamarulzaman, 2011).

2.1.1. Impacts of Working Environment on Performance

The concept of work environment is an actual comprehensive one including the physical, psychological and social aspects that mark up the working condition. Work environment performs to have both positive and negative effects on the psychological and welfare of employees.

The work environment can be described as the environment in which people are working. Such as, it is very wide category that incorporates the physical scenery (e.g. noise, equipment, heat), fundamentals of the job itself (e.g. workload, task, complexity) extensive business features (e.g. culture, history) and even extra business background (e.g. industry setting, workers relation). However all the aspects of work environment are correspondingly significant or indeed appropriate when considered job satisfaction and also affects the welfare of employees (Ruchi and et al,2014)

Hameed and Amjad (2009) in a survey of 31 bank branches showed that comfortable and ergonomic office design motivates the employees and increased their performance substantially. Based on these findings and literature review, it was observed that most researches on workplace environment and productivity have been concentrated on profit oriented organizations and not much focus have been placed on government organizations, it was against this background that this study sought to analyze the influence of workplace environment on employees productivity. Employee morale can be impacted in both positive and negative ways by the workplace environment. Workplace environment plays a major role in the performance and productivity of an employee. Most industries have an unsafe workplace environment and are most time unhealthy too.

It is the quality of the employee's workplace environment that most impacts on their level of motivation and subsequent performance. How well they engage with the organization, especially with their immediate environment, influences to a great extent their error rate, level of innovation and collaboration with other employees, absenteeism and ultimately, how long they stay in the job (Edem and et al, 2017).

Worker's productivity and performance can decrease due to a poorly planned workplace environment as this adversely affects their morale and may give rise to poor motivation and no job satisfaction as a result, it becomes a challenge for the management to provide a safe work environment for the workers to ensure health, efficiency, productivity and good performance.

The relationship between the health worker, work and the workplace environment is very crucial and hence it becomes an integral part of work itself. Management effort in ensuring an active workforce should be focused on employee personal motivation and the infrastructure of the work environment (Edemand et al, 2017)

A motivating work environment must be the one in which employees are treated fairly. No matter what level of input a particular worker has in relation to the business processes as a whole, it is essential for a manager to give each employee a sense of playing a dynamic, integral role in something much larger. Indeed, engendering loyalty is a key element of motivating workers and thereby increasing the overall productivity of operations. (Chandrasekar, 2011)

There are four factors of workshop environment which has impact on employee productivity that are: lighting, noise, temperature and furniture. An adequate lighting system, noise, furniture, as well as temperature can impact employees both physically and psychologically, and some health problems that may occur are headaches, as a result of poor lighting system and undesirable noise, respiratory problems as a consequence of poor air quality, fatigue as a result of inappropriate furniture, and so forth. In the long term, these problems will impact the financial well-being of the organization (Christopher and et al, 2015)

The physical working environment of the employee includes the overall health and safety of the employee including the identifiable workplace, causes of accidents and illness. The psychosocial working environment of the employee includes, among other things, a set of job factors related to the interaction between people, their work and the organization. The wellbeing of the employees is conceptualized here as the more explicit results of the working environment (Lars and et al, 2014).

Literature review findings rule out that a strong interaction is found between job performances and physical working environment. The physical environment at work is critical to employees' performance, satisfaction, social relations and health. It is generally understood that the physical design of offices and the environmental conditions at work places are important factors in organizational performance (khalid and et al, 2017).

The physical aspects of a workplace environment can have a direct impact on the productivity, health and safety, comfort, concentration, job satisfaction and morale of the people within it. Important factors in the work environment that should be considered include building design and age, workplace layout, workstation set-up, furniture and equipment design and quality, space, temperature, ventilation, lighting, noise, vibration, radiation, air quality(khalid and et al,2017).

In addition to a healthy level of communication and personal motivation in the workplace, the actual physical layout of an office is extremely important when it comes to maximizing productivity. While many managers and business owners choose to suffice with a certain minimum level of office accessories, they may be ignoring what can amount to a major obstacle on the path to increasing employee productivity.

The probability of quitting a job is greater when the workplace is perceived to be a bad place to work. A good workplace is characterized by low levels of stress, employees feeling appreciated by management and not feeling threatened at work. Quality work environment incorporates the physical work environment, psychosocial work environment, and overall job satisfaction.

The physical work environment was represented with the safety and comfort of their working conditions. The psycho-social aspect of the work environment was proxied by questions on workload and stress, whether the employee thought they were appreciated by management, whether they received information on important decisions, changes and future plans in due time, what degree of influence they had over their job, and whether they felt threatened at work. Regarding the final aspect of the quality work environment, overall job satisfaction, respondents were asked whether their level of job satisfaction had increased or decreased recently (Ray and et al, 2012).

It is confirmed that unsafe and unhealthy workplace environment in terms of poor ventilation, inappropriate lighting, excessive noise etc. Affect workers' productivity and health (Chandraseker, 2011). Physical environment affect how employees in an organization interact, perform tasks, and are led. Physical environment as an aspect of the work environment have directly affected the human sense and subtly changed interpersonal interactions and thus productivity. This is so because the characteristics of a room or a place of meeting for a group has consequences regarding productivity and satisfaction level.

The workplace environment is the most critical factor in keeping an employee satisfied in today's business world. Today's workplace is different, diverse, and constantly changing. The typical employer/employee relationship of old has been turned upside down. Workers are living in a growing economy and have almost limitless job opportunities. This combination of factors has created an environment where the business needs its employees more than the employees need the business (Smith, 2011).

Lighting and other factors like ergonomic furniture has been found to have positive influence on employees health and consequently on productivity. This is so because light has a profound impact on workers physical, physiological and psychological health, and on their overall performance at the work place.

Ambient features in office environments, such as lighting, temperature, existence of windows, free air movement etc., suggest that these elements of the physical environment influence employee's attitudes, behaviour's, satisfaction, performance and productivity (Chirstian,2015). One of the most important elements in considering the work performance in relation to the work environment, it is first poignant to look at the criteria of a conducive office environment. Lee and Brand (2005) stated that organizations need to provide a flexible workplace in order to maintain quality of work and increase work outcome. In other words, companies need to create a good office setting which includes private and open space in order to provide work comfort.

2.1.2. Elements of work Environment

Work environment may be divided into three broad components:

1. Physical Environment:

- Ventilation & Temperature
- Noise
- Infrastructure & Interior
- Amenities

2. Mental Environment

- Fatigue
- Boredom
- Monotony
- Attitude & Behavior of Supervisor & colleagues

3. Social Environment (Ruchi and et al, 2014)

There are five determinants of working environment. The determinants are, working conditions, remuneration, training and career development, and fairness of treatment.

- Working conditions: the working conditions of an organization are considered as it infrastructure and equipment such as heating and cooling, ventilation systems, controlled noise levels, office furnishings, safety and security, etc. These conditions can affect employees and can contribute to or distract their work performance.
- Remuneration: Remuneration and benefits to employees could be viewed as a strong control mechanism. Remuneration strategies can contribute to the commitment, flexibility and quality of staff within the organization (Stuurman and et al, 2014).
- Training and career development: Training of all staff, either temporary or permanent, leads to greater commitment and reduced turnover. The investment in employee training and development has significant benefits for an organization as well as employees.
- Fairness of treatment: The increasing interest in fairness of treatment in organizational behavior.

- Job security and stability: This is the extent to which an organization provides stability to Employees.

Mei Zhang, Kang and Jiao (2012) described that among various pollutions, noise often receives the highest number of complaints, and with increasing population, pollutions of noise from cars, airplanes, factory machineries, telephones ringing, people walking and talking are becoming an increasingly common problem across the world.

Rotundo and Xie (2008) further pointed out that severe noise impact can lead to social handicap, reduced productivity and performance whether in office or school and cause the malicious problem of absenteeism in the workplace. On top of that, noise can also cause a person to have hypersensitivity to loud sounds, easily getting tired, and depression.

2.1.3. Employee satisfaction and performance

Employee satisfaction is a measure of how happy (satisfied) employees are with their job and working environment. Organizations should institute a culture which encourages and enforces employee satisfaction. Employees are loyal to their organizations and productive in their work when they are satisfied with their jobs. These employees affect customer satisfaction which leads to organizational performance.

There are various factors which influence employee satisfaction across industries. The most important factors which were identified are remuneration, working conditions, teamwork, and nature of the work. Training and development coupled with work-life balance also play an important role in employee satisfaction.

Prior studies have supported the notion that employee satisfaction is a critical driver / motivator of productivity (Brown and et al, 2015). In order to meet customer requirements, organizations attempt to increase their productivity by ensuring job satisfaction of their employees (Fisher, 2010).

Furthermore, it can be stated that the more employees are satisfied with their work and working environment, the more productive they become (Nita, 2017).

Based on a description of what is meant by work environment and literature review findings, a strong interaction is found between job performance and physical working environment. The physical environment at work is critical to employees' performance, satisfaction, social relations and health (Khaled, 2017)

Researchers have shown that the main goal of work for someone is not only to get the salary, but to reach self-satisfaction. Employees' performance is influenced by a lot of aspects such as: motivation, work environment and leadership in the agency. As employees are motivated, their job performance will increase, and they will achieve the desired outcomes and goals of the job thus, increasing the employers' satisfaction. Many work environment studies have shown that workers are satisfied with reference to specific work environment features (Khaled, 2017)

An attractive and supportive working environment provide conditions that enable employees to perform effectively, making best use of their knowledge, skills and competences and the available resources in order to provide high-quality of organization service. The factors of work environment are:

Supervisor Support

A supervisor could be a trainer to the employees, as the trainer will assist the employees in getting their job done by guiding employees on the operational process especially when it comes to a new operational procedure. A supervisor support could lead to the employees' productivity but there is a case that the supervisor had failed in supporting their employees.

Good relation between co-workers

This is unique interpersonal relationships with important implications for the individuals in those relationships, and the organizations in which the relationships exist and develop. Studies show that workplace relationships directly affect a worker's ability to succeed.

Training and development

Training and Development basically deals with the acquisition of understanding, know-how, techniques and practices. In fact, training and development is one of the imperatives of human resource management as it can improve productivity at individual and organizational levels.

Workplace Incentives and recognitions

The organization determines what motivates its employees and sets up formal and informal structures for rewarding employees behaving in the way required. Rewards may consist of a mix of internal rewards, such as challenging assignments, and external rewards, such as higher compensation and peer recognition (Chandrasekar, 2011)

Adequate Workload

A balanced distribution of workload helps the management of an organization to enhance the productivity of their existing workforce. With the ever-increasing workload, the employees become more susceptible to stress which affects the productivity of the organization.

Job security & workplace safety

The protection of employee job security is an important aspect of occupational health and safety regulation enforcement. Workplace safety is the practice of an employer using preventative measures to prevent hazards to the employees' health and personal safety. This practice includes creating plans and procedures for employees and managers in the workplace (Puneet , 2017)

A healthy work environment can be defined as a work setting that takes a strategic and comprehensive approach to providing the physical, cultural, psychological and work conditions that maximize the health and wellbeing of providers, improves the quality of care and optimizes organizational performance.

2.2. Empirical Literatures

In the research conducted, seventy-two percent of respondents perceived that they work in a good environment and 64 per cent had not thought about leaving their job. There are relatively few respondents who had not thought about leaving their job but did perceive that they worked in a bad working environment (7 per cent); similarly, those individuals who reported that they worked in a good environment and that they had thought about leaving their job only accounted for 15 per cent of respondents (Ray and et al, 2012).

It was found that, each of the components that define work environment were statistically significant to productivity. However, the social work environment of employees was the most conducive work environment and the psychological environment was least conducive. In the end, work environment at Obuasi Municipal Assembly was statistically significant to the productivity of employees (Chirstian, 2015).

Effects of lighting, ventilation, temperature, and noise level on health workers performance was considered. Most of the workers (65%) agreed that poor workplace environmental factors such as lighting, ventilation, temperature, and noise level in the work area could have negative impact on their performance and productivity. The social life and environment in any health facility has an important role to play in the workers' performance and productivity.

A cheerful and happy health worker will encourage and guide the patients, and make them comfortable around the facility. It was indicated that 89% employees felt the team spirit will make large impact on performance (Edem and et al, 2017).

A large number of work environment studies have shown that workers/ users are satisfied with reference to specific workspace features. These features preference by users are highly significant to their productivity and workspace satisfaction, they are lighting, ventilation rates, access to natural light and acoustic environment.

Study focused on the workplace environment in a health facility and how it affects the health worker revealed that an unsafe health facility environment such as unsuitable furniture, poorly designed workstations, lack of ventilation, excessive noise, inappropriate lighting, poor supervisor support, poor work space, poor communication, poor fire safety measures for emergencies, and lack of personal protective equipment, can adversely affect the productivity of the employee (Edem and et al, 2017)

It was found that the determinants of the working environment have a significant impact on employee satisfaction. Employees, whose are satisfied with their jobs, understand the type of impact that their performance will have on productivity in the organization. Satisfied employees tend to be more efficient and motivated to do their jobs; this will lead to enhanced work performance and increased productivity. Improvement in employee work performance, adds value to productivity processes.

The results of the study indicated that employees are highly satisfied with their jobs as this was due to good remuneration, fairness of treatment, conducive working conditions, greater job security and more training and development. Employees considered the organization to be pleasant and comfortable place to work as well greater job satisfaction, which led to happier and more productive workers. Greater employee satisfaction level is the key to success for overall organizational performance (Nita, 2017).

Results showed that employees' dissatisfaction is consistent with results from previous findings that work environmental factors have sensible impact, and lead to decline in performance. While the most obvious factor of the negative impact is noise coming from conversations of office workers. Second, the discomfort of used furniture of office and third, the poor ventilation comes from low concentration of adequate oxygen in office. Finally, the poor lighting comes from natural light (khalid and et al, 2017)

A study to investigate the effect of workplace environment's factors towards employees' performance shows findings that only supervisor support is not significant towards the employees' performance.

Meanwhile, job aid and physical workplace environment are having a significant relationship towards the employees' performance. Employees' performance level is depending on the quality of the employees' factors workplace environment, which are the job aid, supervisor support, and the physical workplace environment. The three factors determine on how the employees' get engaged or attached to the organization (Nina and et al, 2013).

Empirical studies on 74 samples with multiple regression analysis to measure the significance of work environment on job satisfaction among staff of a particular organization are taken. The study found that work environment significantly determines job satisfaction. This result corroborates findings of previous research that investigated the connection between variables in workplace environment and workforce or work process. It is also revealed that a significant positive relationship between workplace quality and productivity among bank workers (Olukunle, 2015)

The findings of a Danish study suggest that a firm can increase its productivity through the improvement of physical dimensions of work environment (internal climate) and may have a positive impact on firms' productivity (Buhai, Cottini, &Nielseny,2008).A study in telecom sector by Tariq et al (2013) revealed that there are different variables like workload, salary, stress at work place and conflicts with family due to job leads an employee towards dissatisfaction that further results in turnover. At final stage these independent factors impacts negatively on organizational performance which is negatively influenced by these factors.

Chandrasekar (2011) argue that an organization needs to pay attention to create a work environment that enhances the ability of employees to become more productive in order to increase profits for organization. He also argued that Human to human interactions and relations are playing more dominant role in the overall job satisfaction rather than money whereas management skills, time and energy, all are needed for improving the overall performance of the organization in current era.

Physical Work Environment as a constituent of work environment of Obuasi Municipal Assembly has impact on the productivity of employees. The relationship between Physical Work Environment and the productivity of employees is not very strong (weak positive). That is $F(1,56)= 5.198, p <0.05$). Psychological Work Environment was statistically significant to the productivity of employees that were studied, that is $(F(2,72) = 9.185, p < 0.05)$.

Social Work Environment was statistically significant to the productivity of employees that were studied, that is ($F(3, 67) = 12.202, p < 0.05$).

Work Environment was statistically significant to the productivity of junior staff of Obuasi Municipal Assembly who were studied, that is ($F(5,22) = 10.928, p < 0.05$). In this case, the Adjusted R Square value of 0.648 tells us that Work Environment accounts for 64.8% of the variance in the productivity of junior staff. The analysis of variance (ANOVA) reports the significance of the Work Environment in respect of the productivity of junior staff. The relationship between Work environment and the productivity is very strong (Chirstian, 2015)

If you are redecorating or relocating your office, spend some time thinking about your furniture, décor and other interior accessories. Studies show that office environment has a great impact on employees' productivity and work efficiency.

- A study by VIBE found that multiple computer screens increase productivity and work efficiency by 9 to 50 percent, especially with tasks such as cutting and pasting. The researchers concluded that multiple screens made it easier for users to switch from one task to another, and that helped employees do their job more efficiently.
- A study by Sharp found that each person wastes 167 hours a year on slow and out-dated tech, which is 4 weeks every year. That's more than people spend on annual holidays! 64% of the respondents also admitted they would be more productive if the office had newer technology, which is another reason to consider investing in up-to-date office tech.
- One study found that the average person wastes up to 4.3 hours per week searching for papers, leading to frustration, increased stress, and lost focus. A similar study by the Princeton University Neuroscience Institute also found that a cluttered desk hinders the brain's ability to process information—the mess on your desk steals your attention from work.
- The average office worker spends 8 hours per day sitting. Having the correct chair helps employees avoid back pain and other injuries, which are calculated to cost companies over \$34,600 per 100 employees every year.

- Meanwhile, having a comfortable and ergonomic chair helps workers stay focused on tasks, instead of getting distracted by the feeling of discomfort. Studies have found that employees' Productivity can be increased by 17.7% simply by providing them with the right chair and training.
- Comfortable, well-ventilated workplaces have a great impact on workers' performance. A study by teams from Harvard and Syracuse Universities discovered that, when employees worked in well-ventilated offices, their productivity increased by 61% and performed nearly 27% better on cognitive tasks.
- An experiment conducted by the Lighting Research Centre found that natural daylight boosts employee concentration skills. It was discovered that people working in windowed offices spend 15% more time on work-related tasks than those without windows (Julia, 2012).

In the strategic planning of the BOA, the tolerable attrition rate is 4%. However, the data reflects that the professional employees turnover rate is more than the attrition rate set by the bank by 3% in 2009/2010, 4% in 2008/2009 and 2011/2012 and 5% in the fiscal period 2010/2011. This shows that the bank faces professional employees' turnover (Beruk, 2013).

2.3. Conceptual Framework

On the International Journal of Scientific and Research Publications, Volume 4, Issue 1, January 2014, work environment determinant variables are considered as Physical, psychological and Social environments so the researcher conceptualized out on the factors of work environment (Physical work environment, psychological work environment and social work environment) as independent variables and employee performance as dependent variables.

The Physical work environment comprises quality of the machineries, office layout, temperature, ventilation and lighting, noise level and space.

The psychological work environment can be affecting (e.g. Emotions, mood, psychological symptoms, affective disorders); cognitions (e.g. Attitudes, perception, decision making); and behaviour's (e.g. effectiveness, absence, motivation).

The social work environment includes communication styles, relationship between superiors and subordinates. It also includes relationship among co-workers, the readiness of others to assist and teamwork. Based on the statement, a theoretical framework has been developed to represent the Relationship between three different factors and employee performance.

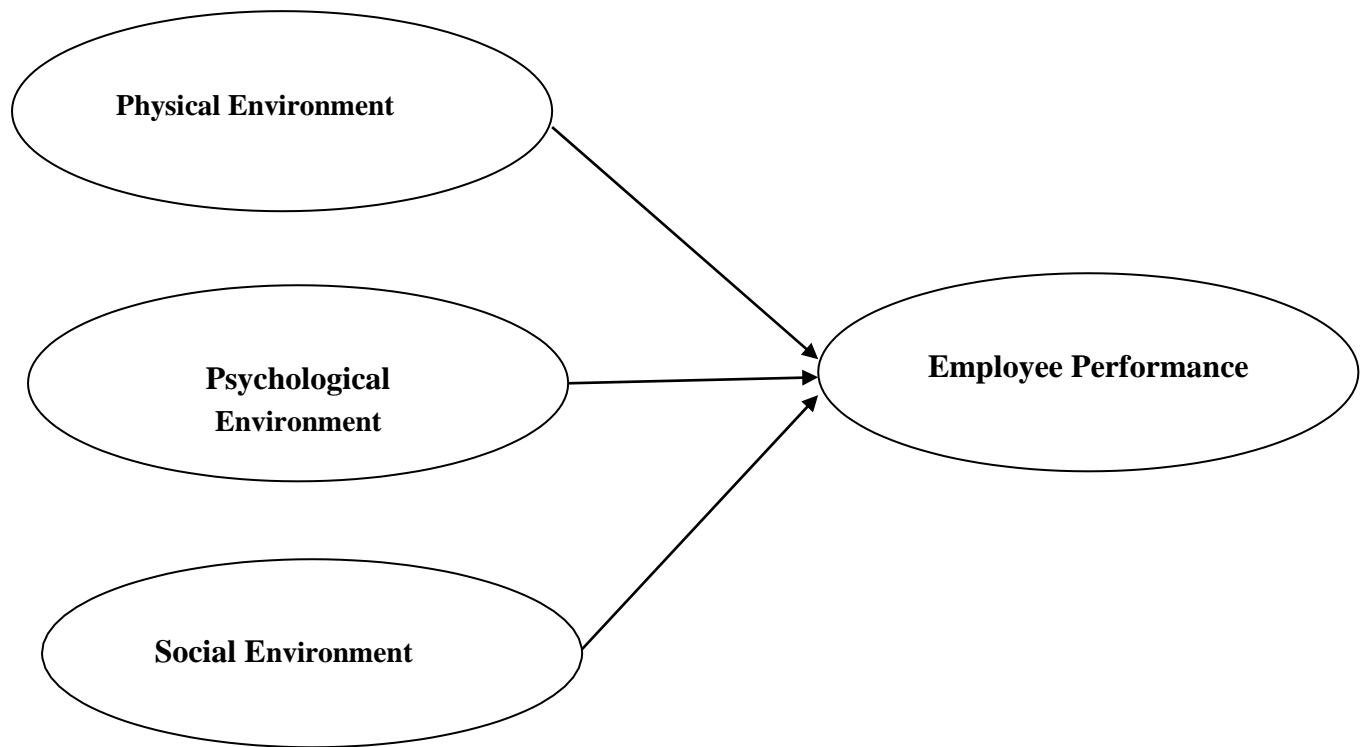


Figure1. Conceptual framework of work environment variables and Employee performance.

The Thesis has the following three Hypotheses:

H₁: Physical work environment is positively related with employee's performance.

H₂: Psychological work environment is positively related with employee's performance.

H₃: Social work environment is positively related with employee's performance.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1. Research Design and Approach

The research method that the researcher undertakes is primarily a quantitative type of research in which various parameters are set as a questionnaire and the result of the data is analyzed thoroughly.

There are different types of research methods to conduct studies. However, among those methods this research is cause and effect type of research method to gather information about the effects of each work environment variables on employee performance at BoA conditions is applied. This method is also used to measure and used some qualitative information to know the current conditions of Bank of Abyssinia with regard to professional employee's work environment.

Qualitative data were also utilized to further strengthen the research output. The quantitative approach was applied to the effects of each work environment variables on employee performance of Bank of Abyssinia. Some qualitative information was also gathered from the organization by using unstructured interview. In line with this, the research design is well built on exploring the different parameters of work environment and their influence on performance.

3.2. Population, sample size and sampling technique

3.2.1. Population

The total number of subjects/general population/ is 5,825 staff of BoA throughout the country. The study is conducted at Bank of Abyssinia head office and selected branches in Addis Ababa on 230 staff (Target population). The head office comprises Customer, Operations, Enterprise services, Human Resource, Risk and Compliance, Legal and loan recovery unit, Internal Audit, Information Technology, Strategic Planning and Marketing Units. These departments along with the selected city branches can represent the rest of the branches population.

3.2.2. Sample Size and Techniques

A total of 230 staff is expected to be sample respondents for this particular study from the total population of 5,825 staff of BOA since they are found in head office organs and five selected city branches and hopefully represent as per the base of the below table. The study data is collected through cross sectional research design.

In relation with the sample size, the larger the sample size of a research, the more accurate the data generated. However, due to time and financial limitations and the nature of the population, on employee performance sample determination method by Carvalho (1984), the medium one was preferred.

Population size	Small	Medium	Large
51-90	5	13	20
91-150	8	20	32
151-280	13	32	50
281-500	20	50	80
501-1200	32	80	125
1201-3200	50	125	200
3201-10,000	80	200	315

Source: Carvalho (1984)

Therefore based on this, a little bit more than the large sample size that is 230 samples were taken as a sample size for the study so as to get more representative sample for the study. The sampling technique used for deploying the questionnaire is non-random sampling technique and particularly judgmental sampling method to get reliable information from those who highly concerned personnel are involving in the performance of Bank of Abyssinia.

3.3. Sources of Data

Primary Data

Primary data is collected from the people directly involved in the research on questionnaires.

Secondary Data

Secondary data means data that are already available i.e., they refer to the data which have already been collected and analyzed by someone else. Secondary data may be acquired from various sources: Reports of various kinds, books, periodicals, reference books (encyclopaedia), university publications (thesis, dissertations, etc.), policy documents, statistical compilations, proceedings and Internet.

3.4. Data Gathering Procedures and Instruments

Primary data is collected through questionnaire from the selected sample of respondents/ employees of Bank of Abyssinia. Primary data was also collected from interview and secondary data were collected by reviewing both published and unpublished documents which are used to gather important information.

3.5. Method of Data Analysis

The study Variables are the dependent and independent variables. The dependent variable is employee performance of Bank of Abyssinia and the independent are the work environment variables which are the constructs of work environment.

Work environment which mainly influence the performance of bank employees are work place design, work force diversity, rewards and benefits and health and safety measures (Nahum, 2015).

Work environment can be grouped into three distinct but intertwined forms. These are Physical work environment, psychological work environment and social work environment.

The gathered data is edited, cleaned for any inconsistency and omission. Then, the researcher keeps appropriate documentation of data sets. Quantitative data is handled by descriptive analysis that produces statistics as mean, mode and frequency of variables to summarize the effects of work environment.

Descriptive statistics are computed for both work environment and performance measures. These results provide basic status of the variables investigated. Inferential analysis is conducted to seek association between the factors and employee Performance. Statistical Package for Social Science (SPSS) was employed to analyze the data gathered from the field study.

Correlational, ANOVA and Regression analysis are carried out to investigate the association of each variable with dependent variables and p-value of less than 0.05 is used as a cut- off point using the software SPSS for analysis accuracy.

3.6. Reliability and Validity

The valuable opinion of employees is displayed below through various statistical tables and graphs that show their responses on the topic about importance of the three work environment variables for employee performance.

Reliability and Validity are important concepts in research as they are used for enhancing the accuracy of the assessment and evaluation of a research work. Before further analysis of the study, these concepts are measured for the qualification of the data.

Reliability refers to the property of a measurement instrument that causes it to give similar results for similar inputs. Reliability test evaluates the stability of measures, internal consistency of measurement instruments. It is measured with Cronbach's Alpha. A reliability coefficient of .70 or higher is considered "acceptable" in most social science research (Nunnally, 1978).

Reliability tests were conducted on all the work environment variables as well as employee performance measure that were used in the study. In line with this understanding, the reliability statistics of overall variables under the study is found as 87.5% which is acceptable for further analysis of the data.

Table 1 Reliability Statistics

Cronbach's Alpha	N of Items
.875	21

Source: SPSS output

Validity means an instruments' ability to measure what is meant to be measured or validity is the extent to which a test measures what it is supposed to measure. According to Malhotra (2010), There are three types of validity in a study: content validity, predictive validity, and construct validity.

The question to ask here is "how valid is this test for the decision that I need to make?" So the researcher relies on content validity through the review of literature and adapting instruments used in previous research.

3.7. Ethical Consideration

Ethics are the norms or standards for conduct that distinguish between right and wrong. They help to determine the difference between acceptable and unacceptable behaviors on the part of the researcher. The integrity, reliability and validity of the research findings rely heavily on adherence to ethical principles. The readers and the public want to be assured that researchers followed the appropriate guidelines for issues such as human rights.

Primarily, the researcher secure ethical clearance from St. Mary University, Then, it does not put participants at risk and respecting the right to voluntary participation by having their orally informed consent. Also, data collection, analysis and write-up has not be done in identifying respondents; confidentiality are highly maintained. All the research processes do not include names, addresses and pictures of respondents. Raw data is not communicated to third party and not used for purposes other than this thesis.

CHAPTER FOUR

DATA ANALYSIS, DISCUSSIONS AND INTERPRETATIONS

Data analysis part of the study presents the analysis and findings in order to respond for the research questions raised in the study and discussion of the subject under consideration. For the purpose of this research, the researcher chooses quantitative research design performed on the basis of cross-sectional study allowing the researcher to compare many different variables at the same time. This chapter of the research study clarifies the completeness of the collected data and as it was analyzed thoroughly.

A total of 230 questionnaires were distributed. Of which, 215 are returned and completely filled questionnaires were edited for completeness and consistency. The response rate is 93%. This creditable response rate was gained by extra efforts that were made via follow-up to remind the respondents to fill-in and return the questionnaires.

The raw data was first coded and entered into the computer for processing it using statistical package for social studies (SPSS) using version 20 statistical software. Descriptive statistics analysis such as percentages and frequencies were calculated to present the general information about respondents of Bank of Abyssinia. Reliability and Validity tests are done prior to the analysis.

The study also used correlation analysis, specifically Pearson's correlation to measure the degree of association between different variables under consideration. Correlation and ANOVA analysis was also carried out to investigate the association of each variable and p-value of less than 0.05 will be used as a cut-off point which shows significance of variables.

4.1. Response rate of Respondents

Table 2. Response rate

Questionnaire distributed	Questionnaire returned	%
230	215	93

As shown in the table 2 above regarding response rate of respondents, 230 questionnaires were distributed, 215 were returned with the rate of 93%. Based on this, the next analysis was carried out.

4.2. Demographic Profile of the Respondents

The General Information of respondents considered in the study was the respondent's Age, sex, educational qualification, experience and department.

Table 3. Demographic Results

No	Factors	Category	Frequency	percentage
1	Gender	Male	96	44.7
		Female	119	55.3
2	Age	20-30	12	57.2
		31-40	63	
		41-50	25	11.6
		51 and above	4	1.9
3	Qualification	Grade 12 complete	4	1.9
		College Diploma	14	6.5
		First Degree	133	61.9
		Second Degree and above	64	29.8
4	Work Experience	under 2 years	53	24.7
		2-5 years	95	44.2
		6-10 years	47	21.9
		above 10 years	20	9.3
5	Department	Human Resource	19	8.8
		Credit and Loan Recovery	20	9.3
		Internal Audit	18	8.4
		Customer support	96	44.7
		Strategic Planning	8	3.7
		Information Technology	13	6
		Others	41	19.1

Source: SPSS output

As shown in the table 3 above, the respondent's sex profile shows that 55.3% of the respondents were females while the rest 44.7 % of the respondents were male. Therefore, the higher proportion of the samples is taken from the females.

Much of the respondents age is from 20 to 30 years of age which accounts 57.2% from the total samples and the second is 29.3% is from 31 to 40 and the least sample is from the age group 50 and above which accounts only 1.9%.

As it is well known from the bank perspective, most of the actors are recruited from the first degree program. The highest samples are also from this program indicating 61.9% from the total samples taken for the study and these employees are the highest in representing the work environment. The next one is second degree and above which contributes 29.8% of the total samples taken for the study. The least is grade 12 complete accounts only 1.9%.

68.8% of respondents have an experience of less than 5 years and most of the samples are considered from these groups indicating that the bank has to dwell much effort on new entry employees. The experienced employees who have more than 10 years of tenure account only 9.3%.

From the seven departments, 44.7% of the total samples were taken from customer support area and the least one is from strategic planning which is 3.7%. Customer support department is the greatest sample taken and also the largest human power in the Bank of Abyssinia.

4.3. Descriptive Analysis

There are three core determinant variables that can affect the employee performance and these are the physical, psychological and social environments. These determinant variables are assessed one by one and each factor perception by the employees are analyzed with the dependent variable.

4.3.1. Determinants of the Physical Work Environment on Bank of Abyssinia.

This analysis contains the sub-dimensional variables of physical work environment that are ventilation, temperature, noise, infrastructure and interior design variables are perceived by the bank employees.

Table 4. Sub-dimensions of Physical work environment

Items	Mean	Std. Deviation
The interior design of the work place is attractive.	3.05	1.179
The infrastructure is enough in the room	3	1.154
There is no noise pollution in the workplace	2.94	1.088
The workplace temperature makes me comfortable	2.9	1.106
The ventilation of the Room is good	2.76	1.175
Aggregate Average Mean	2.93	

Source: SPSS output

As shown in the table above, the employees' perception towards interior design of the work has got 3.05 with a standard deviation of 1.179 which indicates the bank should have to do more in making the interior design attractiveness better in relative to the other dimensions of physical work environment. The mean of the other sub-dimensions is below 3 indicating some slight positive perception by the employees of the bank except infrastructure which has neutral opinion.

Generally, respondents' response suggests the management of the bank should focus on the physical work environment variables a lot because most of the responses are nearer to neutral. Specifically, the management should work on the interior design of the work area to be more attractive and on the development of the infrastructure.

4.3.2. Determinants of the Psychological Work Environment on Bank of Abyssinia.

Table 5. Sub dimensions of the psychological environment Items.

Items	Mean	Std. Deviation
I can participate in decision making	2.71	1.133
I would choose BOA again if I had a job choice to make	2.46	1.088
The moods to work my duty is positive	2.42	1.02
The perception to my bank is good	2.41	1.041
I have the motivation to work for my bank	2.4	1.045
The emotions that I have is high in my work	2.32	1.02
The attitude to my work is remarkable	2.17	0.927
Aggregate Average Mean	2.41	

Source: SPSS output

From the table 5 above, it shows that the psychological sub-dimensions have positive or agree responses rather than the physical sub-dimension variables. The physical variables mean is equal to 2.93 but all the psychological variables mean is equal to 2.41. The highest positive goes to the dimension of the attitude to my work is remarkable. Mean values nearer to 2 and even below are agree responses. The least positive is I can participate in decision making from the other sub dimensions of psychological work environment so much work on participating employees is expected.

4.3.3. Determinants of the Social Work Environment on Bank of Abyssinia.

Table 6. Sub dimensions of the social environment

Items	Mean	Std.deviation
The recreation and refreshment facilities are in place	2.65	1.209
Duties are equally shared among my colleagues	2.65	1.105
I receive enough opportunities to interact with other employees on a formal level	2.63	1.089
The supervisor support is high in my work	2.63	1.064
The communication is participatory.	2.5	1.08
The relationship among co-workers is good	2.49	1.045
There is teamwork in the bank.	2.47	1.067
The Bank tries to create an exciting work environment	2.46	1.067
Aggregate Average Mean	2.56	

Source: SPSS output

Social environment dimensions responses are in between the physical and psychological variables as responded by the participants of the bank since their means starting from the lower 2.46 up to 2.65. The response that the bank tries to create an exciting work environment has a mean of 2.46 which is relatively positively responded from the other sub-dimensions of the Social environment.

The least sub-dimensions from the social environment variables that have positive response is the recreation and refreshment facilities are in place and duties are equally shared among my colleagues hold a mean of 2.65. So the bank management is expected to work more on recreation to make its employees satisfied and then productive to achieve and arrive on the common goal.

In summarizing the mean values of each sub-dimensions of the work environment, the highest value goes to physical environment which indicates much more effort and management should be done on the physical work environment sub-dimensions, the second one is social and psychological environment so in relative comparison, the employees are not satisfied in the physical environment items.

Table 7. Average Mean Responses of the Work Environment Items

Items	Average Mean Responses
Psychological environment sub-dimensions	2.41
Social environment sub-dimensions	2.56
Physical environment sub-dimensions	2.93

Source: SPSS output and own computation

4.4. General Employee performance of Bank of Abyssinia.

Table 8. Employee performance

Dependent Variable	Mean	Std. Deviation
The General Employee Performance is attractive	2.53	1.093

Source: SPSS output

The output gained from the respondents data shows that the mean value is 2.53 with a standard deviation of 1.093 indicating the responses are in between neutral and agree responses as clearly seen below in the above table 8. Even though the mean value lies in between agree and neutral responses shows the reactions of participants resemble to a slightly positive since the average value is less than the neutral value (3) further questions the level of attractiveness of the employee performance so much effort should be expected from the management in improving employee performance.

From the table above (Table 7), the average (mean) of the respondents' response is 2.53 with a standard deviation of 1.093. The mean value lies in between agree and neutral responses indicating that the reactions of participants resemble positively since the average value is less than the neutral value (3). The attractiveness of employee performance is reacting more favorably by the employees.

4.5. Relationship between Physical Environment and Employee Performance

Correlation is the type of analysis used to measure of the linear relationship between the two variables. In this section, the researcher conducted analysis of Pearson's coefficient of correlation as it is the most widely used method of measuring the degree of relationship between two or more variables. The relationship between Physical, psychological, social environment and the dependent variable is examined. The coefficient of correlation(r) indicates the strength and direction of relationship. The p-value also indicates the significance of the relationship.

Table 9. Correlations between physical work environment & Employee performance

Items		The General Employee performance is attractive
The ventilation of the Room is good	Pearson Correlation	.076
	Sig. (2-tailed)	.269
The workplace temperature makes me comfortable	Pearson Correlation	.123
	Sig. (2-tailed)	.072
There is no noise pollution in the workplace	Pearson Correlation	.057
	Sig. (2-tailed)	.408
The infrastructure is enough in the room	Pearson Correlation	.083
	Sig. (2-tailed)	.224
The interior design of the work place is attractive	Pearson Correlation	.155
	Sig. (2-tailed)	.023

Source: SPSS output

There is only one parameter which is significantly and positively related item of the physical environment and the other items are not significantly related with employee performance. All items of the physical environment are positively correlated with employee performance so the hypothesis is accepted.

4.6. Relationship between Psychological Environment and Employee Performance

The relationship between the psychological and the dependent variable is examined as shown below.

Table 10. Correlations between Psychological work environment & Employee performance

Items		The General Employee performance is attractive
The emotions that I have is high in my work	Pearson Correlation	.170
	Sig. (2-tailed)	.012
The moods to work my duty is positive	Pearson Correlation	.207**
	Sig. (2-tailed)	.002
The perception to my bank is good	Pearson Correlation	.217**
	Sig. (2-tailed)	.001
I have the motivation to work for my bank	Pearson Correlation	.237**
	Sig. (2-tailed)	.000
I can participate in decision making	Pearson Correlation	.297**
	Sig. (2-tailed)	.000
I would choose BOA again if I had a job choice to make	Pearson Correlation	.325**
	Sig. (2-tailed)	.000
The attitude to my work is remarkable	Pearson Correlation	.229**
	Sig. (2-tailed)	.001

Source: SPSS output

From the table 10 above, we can easily watch that all the items of psychological work environment except one item are significant items which can affect the dependent variable positively at a 99% confidence interval. Likewise, there is only one item (The emotions that I have is high in my work) which affect the explained variable with 95% confidence. This indicates that psychological work environment dimension accounts a lot in employee performance. The hypotheses that there is a positive relationship with employee performance is so accepted since the result are inconformity with the hypotheses drawn.

4.7. Relationship between Social Environment and Employee Performance

Table 11. Correlations between Social work environment & Employee performance

Items		The General Employee performance is attractive
The recreation and refreshment facilities are in place	Pearson Correlation	.117
	Sig. (2-tailed)	.087
I receive enough opportunities to interact with other employees on a formal level	Pearson Correlation	.386**
	Sig. (2-tailed)	.000
The supervisor support is high in my work	Pearson Correlation	.329**
	Sig. (2-tailed)	.000
The relationship among co-workers is good	Pearson Correlation	.345**
	Sig. (2-tailed)	.000
Duties are equally shared among my colleagues	Pearson Correlation	.405**
	Sig. (2-tailed)	.000
There is teamwork in the bank.	Pearson Correlation	.459**
	Sig. (2-tailed)	.000
The communication is participatory.	Pearson Correlation	.347**
	Sig. (2-tailed)	.000
The Bank tries to create an exciting work environment	Pearson Correlation	.273**
	Sig. (2-tailed)	.000

Source: SPSS output

All the items under the social environment are significantly and positively related with employee performance except the item recreation and refreshment facilities are in place which is not significant. A hypothesis 3 is also accepted because there is also a positive relationship between the social environment and the dependent variable.

4.8. Model Summary of the Regression Analysis

The research is further analyzed by the help of regression analysis to determine the statistical relationship between two or more variables (This regression analysis is conducted to know by how much the independent variable explains the dependent variable). Each explanatory variable has one coefficient. These coefficients give the estimated change in the dependent variable associated with a unit change in the independent variable.

The Regression result between the work environment variables and explanatory variables, coefficients, standard errors, t-values, and p-values for explanatory variables, and R-squared, Adjusted R-squared, Standard Error of regression, F-statistic, Prob (F-statistic) for the regression, and number of observations included in the study are presented.

The regression equation was:

$$\mathbf{EP=0.409-0.103P+0.236PS+0.725S.}$$

Where, EP is the Employee Performance

P is the Physical environment

PS is the Psychological environment and

S is the Social environment

Table 12. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.531 ^a	.282	.272	.932

Source: SPSS output

R^2 is 0.28 and adjusted R^2 is 0.27

The model summary shows that the independent variables- Physical, psychological, social environment explains 28 % of the dependent variable (Employee Performance). In other words, 28% of the total variation of Employee Performance is explained by the explanatory variables.

The coefficient of determination is a measure of goodness of fit for the estimated regression and it can be interpreted as the proportion of the variation in the dependent variable that can be explained by the estimated regression equation. The fit of a multiple regression model can be judged through multiple correlation coefficients (R^2) or by the examination of residual, which is the proportion of variance in the dependent variable that can be explained by the independent variables (technically, it is the proportion of variation accounted for by the regression model above and beyond the mean).

Table 13. ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	72.153	3	24.051	27.680	.000 ^b
Residual	183.336	211	.869		
Total	255.488	214			

a. Dependent Variable: The general employee performance is attractive

b. Predictors: (Constant), Aggsocial, Aggphysical, Aggpsycholog

Source: SPSS output

The overall significance of the model is measured by F-test. As clearly seen in the above equation, the F-value is 27.68 and P-value is below 0.01 which indicates that the researcher is 99 % confident on the overall significance of the model.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	.409	.291		1.407	.161
	Aggphysical	-.103	.072	-.090	-1.431	.154
	Aggpsycholog	.236	.100	.155	2.359	.019
	Aggsocial	.725	.107	.470	6.794	.000

a. Dependent Variable: The general employee performance is attractive

Among the explanatory variables that are Physical, psychological, social environment; psychological and social environment are statistically significant at 5 percent and 1% respectively as their P-value is less than 0.05 in the regression output. The result also shows that the Physical dimension is not statistically significant since its p-value is greater than 0.05.

Unstandardized coefficients indicate how much the dependent variable varies with an independent variable when all other independent variables are held constant. 0.409 is the constant term, -0.103, 0.236 and 0.725 are coefficients of Physical, psychological, social environment accordingly.

Analysis of variance: In its simplest form, ANOVA provides a statistical test of whether the population means of several groups are equal, and therefore generalizes the t-test to more than two groups. ANOVA is useful for comparing (testing) three or more group means for statistical significance. It is tested to check the presence of common mean among various groups.

A Student's t-test will tell you if there is a significant variation between groups. A t-test compares means, while the ANOVA compares variances between populations. As the groups grow in number, you may end up with a lot of pair comparisons that you need to run. ANOVA will give you a single number (the f-statistic) and one p-value to help you to determine the variable is significant or not (as shown in Annex 2)

Significant difference in means of all the sub-dimensions of the physical, psychological and social environment is found with respect to employee performance since p-value is greater than 0.05 except the sub-dimensions: the recreation and refreshment facilities are in place, ventilation of the Room is good, workplace temperature makes me comfortable, no noise pollution in the workplace and the infrastructure is enough in the room.

4.9. Interview Responses

The other primary data that the researcher has undertaken is interview of a semi-structured type to examine the factors of motivation that exists in the Bank of Abyssinia towards employee performance improvement or encouragement. The selected personnel for the interview so as to get the right information in relation with the employees motivation is the Human Resource unit of the bank.

Thus, motivation is a combination of both intrinsic and extrinsic factors. The interview questions are raised to the top management of the bank based on those two factors. An employee, who is intrinsically motivated, undertakes tasks satisfaction, for the feeling of accomplishment and self-actualization. On the other hand, an extrinsically motivated employee may perform activity duty in order to obtain a reward such as salary.

The Director of the Human resource Unit pointed out that the bank has performed unreserved efforts and well aware that the top management and other line managers as per their levels for their expected motivational set up. The motivation of the bank employees is highly improving because of the higher salary and benefit packages that the Bank is currently introduced to the employee and this clearly indicates has an impact on the performance of the workers.

He also mentioned that motivational tools should be in place in the today's dynamic financial competitive environment; hence, the bank tries to set a system which the current or the new comers of employee should be well motivated to perform the required activities for the long term vision of the bank. He further underlined that as motivation is present in every life function, and that the majority of the staff would do their job better when they are motivated.

He also indicated that they would work better with their colleagues and keep customer service quality. When staffs are motivated with the right tools like salary and different allowances as they are the desired motivators, it would lead them for better and high performance. The managers and supervisors are comfortable with working with the whole workplace factors that influence employee motivation.

The director underlined that the impact of intrinsic motivational factors that is used by the bank in relation with employees who are employed to make decisions about their job and are able to work without supervision are more likely to work productively. If employees are more motivated, it will lead them better performance. If the task requires them to take use of a variety of skills, allows employees to acquire new competencies and impacts on overall workers' performance.

In relation with the extrinsic motivation takes the form of tangible monetary or non- monetary incentives such as pay rise, different allowances and recognitions that the bank employees explicitly indicates as employees are highly satisfied by the extrinsic factors as the bank deployed higher salary in relative to the industry, the recognition reward that the bank delivers for its employees and the different credit packages that the bank grants for the employee.

The director further addressed that the views of the staff about the intrinsic and extrinsic motivational factors/tools that most of the employees focus on an extrinsic motivating factors over the intrinsic ones especially of their monthly pay and attached benefit package . He also pointed out that, at this time the bank resolves the career advancement problems and focuses on the internal employees since BoA has spent time and money on developing the employee's motivation with various tools like training and development so as to bring a desirable change in employees' behaviour and attain organizational effectiveness and efficiency.

Besides, he commented on the great importance of motivation for effective employee's performance. A common place that we see the need to apply motivation is in the work place. In the work force, we can see motivation play a key role in leadership success. A person unable to grasp motivation and apply it will not become or stay a leader. While the most obvious incentive

for increasing employee productivity is often thought to be based on salary and promotions, this is not always the case. In fact, recent thought on the true nature of optimal human resource management has concluded that in a large number of cases, salary has to do with motivation than do other important factors. The response that we got from an interview is in line with the response of the questionnaire so justifies that the triangulation works from the two data instruments.

CHAPTER FIVE

SUMMARY OF MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1. Summary of Major Findings

The effect of each of the independent variables is examined and the result reveals us that the bank should have to do more in making the interior design attractiveness better in relative to the other dimensions of physical work environment. Respondents' response suggests the management of the bank should focus a lot on the physical work environment variables.

The highest positive goes to the dimension of the attitude to my work is remarkable from the psychological work environment. The least positive is I can participate in decision making from the other sub dimensions of psychological work environment.

The response that the bank tries to create an exciting work environment has a mean of 2.46 which is relatively positively responded from the other sub-dimensions of the Social environment. The least sub-dimensions from the social environment variables that have positive response is the recreation and refreshment facilities are in place and duties are equally shared among my colleagues hold a mean of 2.65.

In summarizing the mean average of each factors, the highest value goes to physical environment which indicates much more effort is expected and management should do on the physical work environment sub-dimensions, the second one is social and psychological environment so in relative comparison, the employees are not satisfied in the physical environment sub-dimensions.

The Human resource unit of the bank addressed that the motivation practiced on the bank employees is highly promising because of the higher salary and benefit packages that the bank introduced to the employee. The director of the bank further underlined that the impact of intrinsic motivational factors that is used by the bank in relation with employees who are employed to make decisions about their job and are able to work without supervision are more likely to work productively. Intrinsic factors are highly influential than the extrinsic ones and If employees are more motivated, it will lead them better performance.

5.2. Conclusions

The research paper focused on the effect of work environment variables on employees' performance. Physical, psychological and social work environment variables are the independent variables and employee performance is as a dependent variable taken for the study. The response rate was 93% from the questionnaire distributed which can represent the population of Bank of Abyssinia to be studied.

The reliability statistics was acceptable since of the overall variables under the study is found as 87.5% which is acceptable for further analysis of the data. Much of the respondents age is from 20 to 30 years of age which accounts 57.2% from the total samples which is the young group of the population who needs due attention by the bank favorable to those age groups by the bank.

Among the major factors considered in this study, psychological work environment variables are highly related to employee performance in a more significant way. On the other hand, the inter-dependent correlations in between the sub-dimensions of the three independent variables shows us that the highest inter-relationship is seen in physical and the least goes to the social work environment sub-dimensions.

It could be clearly seen that Psychological environment sub-dimensions responded more positively and the second is social environment. The physical environment is responded less positively based on the average mean responses so signifies management concern to on weak physical sub-dimension variables which have a negative influence in the performance of employees.

The output gained from the respondents data shows that the mean value is 2.53 with a standard deviation of 1.093 indicating the general employees performance responses are in between neutral and agree responses suggesting the utmost responsibility of the management to create conducive organizational climate on a day-to-day basis.

The management can take proper steps to create high morale and performance among employees. In view of the research conducted, there is indeed a strong correlation between employee performance and social and psychological environments.

5.3. Recommendations

As the research output revealed, the work environment variables should need due consideration on the followings:

- From the Physical environment perspective of the BOA to be conducive, the bank must keep an eagle eye on the interior design, infrastructure and in creating no noise in the working life of the employees so as to keep better employees performance.
- From the psychological environment of the bank, the bank should involve on participating employees in decision matters so as to create belongingness to their bank.
- In addition for the social environment, the bank should invest on recreation and refreshment facilities and equal sharing of duties among employees.
- The bank management bodies should work for more conducive and creative environment along with rewards and recognition to its employees.

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Annex 1.

Item-Total Statistics

Item No	Item type	Cronbach's Alpha(α)
1	The ventilation of the Room is good	.870
2	The workplace temperature makes me comfortable	.867
3	There is no noise pollution in the workplace	.869
4	The infrastructure is enough in the room	.869
5	The interior design of the work place is attractive	.871
6	The emotions that I have is high in my work	.872
7	The moods to work my duty is positive	.868
8	The perception to my bank is good	.868
9	I have the motivation to work for my bank	.869
10	I can participate in decision making	.871
11	I would choose BOA again if I had a job choice to make	.872
12	The attitude to my work is remarkable	.875
13	The recreation and refreshment facilities are in place	.879
14	I receive enough opportunities to interact with other employees on a formal level	.867
15	The supervisor support is high in my work	.867
16	The relationship among co-workers is good	.867
17	Duties are equally shared among my colleagues	.869
18	There is teamwork in the bank.	.866
19	The communication is participatory.	.867
20	The Bank tries to create an exciting work environment	.873
21	The general employee performance is attractive	.871

Annex 2.

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
The workplace temperature makes me comfortable	Between Groups	4.043	4	1.011	.824	.511
	Within Groups	257.706	210	1.227		
	Total	261.749	214			
There is no noise pollution in the workplace	Between Groups	3.459	4	.865	.727	.575
	Within Groups	249.871	210	1.190		
	Total	253.330	214			
The infrastructure is enough in the room	Between Groups	6.873	4	1.718	1.297	.272
	Within Groups	278.122	210	1.324		
	Total	284.995	214			
The interior design of the work place is attractive	Between Groups	18.431	4	4.608	3.467	.009
	Within Groups	279.104	210	1.329		
	Total	297.535	214			
The emotions that I have is high in my work	Between Groups	13.003	4	3.251	3.259	.013
	Within Groups	209.490	210	.998		
	Total	222.493	214			
The moods to work my duty is positive	Between Groups	14.359	4	3.590	3.622	.007
	Within Groups	208.125	210	.991		
	Total	222.484	214			
The perception to my bank is good	Between Groups	15.308	4	3.827	3.709	.006
	Within Groups	216.673	210	1.032		
	Total	231.981	214			
I have the motivation to work for my bank	Between Groups	17.718	4	4.430	4.309	.002
	Within Groups	215.882	210	1.028		
	Total	233.600	214			
I can participate in decision making	Between Groups	25.968	4	6.492	5.485	.000
	Within Groups	248.571	210	1.184		
	Total	274.540	214			
I would choose BOA again if I had a job choice to make	Between Groups	31.043	4	7.761	7.332	.000
	Within Groups	222.288	210	1.059		
	Total	253.330	214			
The attitude to my work is remarkable	Between Groups	12.002	4	3.000	3.664	.007
	Within Groups	171.970	210	.819		
	Total	183.972	214			
The recreation and refreshment	Between Groups	8.929	4	2.232	1.543	.191
	Within Groups	303.908	210	1.447		

facilities are in place	Total	312.837	214			
I receive enough opportunities to interact with other employees on a formal level	Between Groups	39.497	4	9.874	9.668	.000
	Within Groups	214.475	210	1.021		
	Total	253.972	214			
The supervisor support is high in my work	Between Groups	37.224	4	9.306	9.532	.000
	Within Groups	205.009	210	.976		
	Total	242.233	214			
The relationship among co-workers is good	Between Groups	30.447	4	7.612	7.863	.000
	Within Groups	203.293	210	.968		
	Total	233.740	214			
Duties are equally shared among my colleagues	Between Groups	44.659	4	11.165	10.831	.000
	Within Groups	216.476	210	1.031		
	Total	261.135	214			
There is teamwork in the bank.	Between Groups	54.471	4	13.618	15.130	.000
	Within Groups	189.017	210	.900		
	Total	243.488	214			
The communication is participatory.	Between Groups	37.540	4	9.385	9.287	.000
	Within Groups	212.208	210	1.011		
	Total	249.749	214			
The Bank tries to create an exciting work environment	Between Groups	25.654	4	6.414	6.185	.000
	Within Groups	217.760	210	1.037		
	Total	243.414	214			

Annex 3



St. Mary University

Dear Participant,

This questionnaire is developed for an academic effort planned for the collection of primary data that will be used to assess The Effect of Work Environment on Employees Performance: Case Study at Bank of Abyssinia, in partial fulfillment of the requirement for Master of Business Administration (MBA), St. Mary University. The information obtained from this questionnaire will be kept confidential and will not be used for any other purposes. Hence, I, kindly request you to answer the questions freely.

Thank you for your cooperation!

Hiwot Asaminew Cell Phone: 0911609310

General Instructions

Please it is not necessary to write your name. Try to address the entire question and where answer options are available, please mark \surd in the appropriate box.

PART-I: General Information

This part of questionnaire tries to gather some general information about the background of the respondent and the bank

1.1. Sex 1.Female 2. Male

1.2. Age: 1. 20-30 Years 2. 31-40 Years 3. 41-50 Years 4. above 50 Years

1.3. Educational Qualification: 1. Grade 12 completed 2. College Diploma

3. First Degree 4. Second Degree and above

1.4. For how many years have you served the Bank:

1. Under 2 Years 2. 2-5 Years 3. 6-10 Years 4. above 10 Years

1.5. Your department/work unit:

1. Human Resource 2. Credit and loan recovery 3. Internal audit

4. Customer support 5. Strategic planning 6. Information Technology

7. Other

PART-II: Basic Information

Descriptions	Strongly agree	agree	Neutral	disagree	Strongly disagree
Physical Environment					
The ventilation of the room is good					
The workplace temperature makes me comfortable					
There is no noise pollution in the workplace					
The infrastructure is enough in the room					
The interior design of the work place is attractive					
Psychological Environment					
The emotions that I have is high in my work					
The moods to work my duty is positive					
The perception to my bank is good					
I have the motivation to work for my bank					
I can participate in decision making					
I would choose BOA again if I had a job choice to make					
The attitude to my work is remarkable					
Social Environment					
The recreation and refreshment facilities are in place					
I receive enough opportunities to interact with other employees on a formal level					
The supervisor support is high in my work					
The relationship among co-workers is good					
Duties are equally shared among my colleagues					
There is teamwork in the bank.					
The communication is participatory.					
The Bank tries to create an exciting work environment					
Employee performance					
The general employee performance is attractive					

Annex 4.

Semi-structured interview Questions to the Human Resource unit of the Bank

1. Is the management of the Bank aware about the motivation of professional employee?
2. What factors that the bank employed for the motivation of employees?
3. What is the impact of intrinsic and extrinsic motivational factors that is used by the bank Packages on overall workers' performance?
4. What are the views of the staff about intrinsic and extrinsic motivational factors/tools?
5. What other comments can you make on motivation among the staff?