



**ST. MARRY UNIVERSITY**  
**SCHOOL OF BUSINESS AND ECONOMICS**  
**DEPARTMENT OF MARKETING MANAGEMENT**

**EFFECTS OF WORK ENVIRONMENT ON EMPLOYEES'  
PERFORMANCE IN THE CASE STUDY OF HABESHA  
BREWERIES S.C.**

ARESEARCH THESIS SUBMITTED TO DEPARTMENT FOR MARKETING, FOR THE  
PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTERS  
DEGREE IN MARKETING MANAGEMENT.

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**Dec, 2024.**  
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## DECLARATION

I Eyerusalem Mammo declare that this thesis proposal work entitled **EFFECTS OF WORK ENVIRONMENT ON EMPLOYEES' PERFORMANCE. THE CASE STUDY OF HABESHA BREWERIES S.C.** is my own effort and that all sources of materials used for the study proposal have been duly acknowledged. I have produced it independently except for the guidance and suggestion of the research advisor. This study proposal had not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the degree of masters marketing management.

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Date: December,2024

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

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## **ACKNOWLEDGEMENT**

First, my deepest thanks and praise go to the almighty God who helped me to do this thesis proposal. Second, I would like to extend my heartfelt thanks to my advisor, Yibeltal Aschalew (PhD), for his constructive comments and suggestions. Thirdly, I would like to thank to Habesha Breweries S.C employees and staffs for their active participation and collaboration and lastly, I would like to thank my husband for his utmost support.

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## **ABSTRACT**

*The study was sought to investigate the effect of work environment on employees performance in case of Habesha Breweries S.C... Thus, the independent variables to be included physical work environment (workspace Layout, office furniture, Toilet & washing facilities and workload), Social work environment (motivations, Participative leadership style and organizational culture) and Administrative work environment (training, performance appraisal system and HR recruitment & selection practice) and whereas the dependent variable is employees performance. The study used close ended questionnaires. Both descriptive and explanatory research design was applied. Finally, the data that obtained from the respondents Data from questionnaires was analyzed through both descriptive and inferential statistics using SPSS software version 25 (Statistical Package for Social Science). The descriptive statistics ( minimum, maximum, mean and standard deviation) which helped the researcher to examined the general level of employee performance and the selected determinant factors of performance. The findings are, The average mean value for Physical work environment is 2.90, with a standard deviation of 1.2203, The average mean value for social work environment is 3.01, with a standard deviation of 1.1444, and The average mean value for administrative work environment is 2.79, with a standard deviation of 1.0817, all these indicating that most respondents have below average preferences. Moreover, regression coefficient table indicate that all the three variables has positive and significant impact on employee performance. Therefore, its recommended that physical work environment specially the work place layout such as seating arrangement of chair, table, e.t.c should be suitable and arrange in a proper way, there must have well clean toilet and washing room, the factory should also avoid overcrowding in the work place, also Transparency should add in corporate culture that enhances employee trust, commitment, and performance. through sharing results, involving in decision-making, and encouraging face-to-face communication. The company should have transparent and accountable reward and promotion guidelines. The factory should have to revise motivational package like; salary, allowances, overtime, promotional and recognition practice. Furthermore, HR recruitment positively impacts employee performance by placing new employees in divisions based on ability and skill.*

**Keywords:** *Employees performance, physical work environment, Social work environment, Administrative work environment.*



# **CHAPTER ONE**

## **1. INTRODUCTION**

### **1.1 Background to the study**

The Sustainability of business in organizations depends on the talent, skill, knowledge and experience of employees and on their capability of utilization resources to achieve organizational objectives. Employees are expected to perform acceptable level of the standard and managers follow up, and evaluate the performance of employees to attain the stated objective (Armstrong, 2009). Employees should work in conducive environment, when employee work in conducive work environment it results in absenteeism, low productivity or other measurements by employees that can directly or indirectly affect their performance as well as the organization performance.

Employees performance can be defined as the achievement of specified task measured against predetermined or identified standards of accuracy, completeness, cost and speed (Cooke (2016). Employee 's performance is depending on the willingness and also the openness of the employees itself on doing their job. By having this willingness and openness of the employees in doing their job, it could automatically increase their performance (Sinha,2001).

According to the previous studies, there are different points of view regarding the employee 's performance. Some scholars have argued the job performance as a result of behavior. Moto wildo & Scotter (20013) stated that performance is based on behaviors or activities that are associated with the goals of an organization. Moreover, job performance is the action or behavior itself and not the result of actions or a consequence. According to Borman & Moto widlo (1997), there are two types of employees' behavior that could leads to the employees' performance as task performance and contextual performance. Task performance refers to the prescribed role an employee should comply with in order to attain organizational goals. It can be defined as the efficacy with which incumbents perform activities that contribute to the development of the organization 's technical core. This contribution can be direct, including the application of a part of organizational technology, or indirect, providing materials or services needed to perform organizational technical processes (Borman et al, 2007).Contextual performance, also called citizenship performance, involves those behaviors not directly related to job tasks, but having a significant impact on organizational, social, and psychological contexts.

Employees Performance is a very significant factor for any organization in order to achieve and accomplish the assigned tasks efficiently and effectively which can lead to higher performance for the organization and means of satisfaction for employee (Muchhal, 2014). However, in most organization the performance of employee is affected by several factors among those work environment, in which employee perform their tasks, plays a great role towards affecting employee performance positively or negatively (Chandrasekhar, 2011).

According to Gerber et al (1998); work environment encompasses the social, psychological work environment and the physical design of the job. Work environment can be defined as the environment in which people work that include physical setting, job profile, work load, motivation, leadership style, culture, market condition (Tripathi,2014). Each aspect is inter linked and impacts on employees overall performance. Work environment can be thought of simply as the environment in which people work (Briner, 2000) as such; it is a very broad category that encompasses the physical environment (e.g. heat, equipment), characteristics of the job itself (e.g. workload, task complexity), organizational features (e.g. culture, history) and even aspects of the external organizational setting (e.g. local labor market conditions, industry sector, work life balance). Other factors of work environment also identified by previous studies; work load (Ali et al, 2013), training (Robertson et al., 2016) and discrimination in work place (Robertson et al., 2016).

There are lots of organizations in which their employees run into different problems with working conditions related to environmental and physical factors (Leblebici, 2012). 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. Many studies have revealed that most employees leave their organization because of the relationship with their immediate supervisor or manager (Chandrasekar, 2011). Therefore, by having proper workplace environment, it's possible to reduce number of absenteeism, increase performance and maximize quality at workplace.

Various studies revealed that there is relationship between work environment and employee performance. If there is appropriate fitting and suitable working environment in terms of

physical design as well as psychosocial it highly increases the performance of employees (Chandrasekhar, 2011; Buhter, 1997).

Al-Omari et al, (2017) investigated their study on the influence of workplace environment on job performance the case of engineering company in Jordan and the result shown that there is a positive relationship between physical environment and job performance and also they suggested that employers should have to take courage and make the working environment suitable in order to increase employees job performance.

Management's new challenge is to form an environment that attracts, retain and motivate its employees. The responsibility lies with managers and supervisors at all levels of the organization. In today's competitive business environment, organizations can no longer afford to waste the potential of their workforce (Hughes, 2007). Therefore, most government organizations are making all possible efforts to make work environment more comfortable, safe and healthy. Comfortable office design and others motivates the employees and increases their performance to a large extent.

## **1.2 Statement of the Problem**

Having the right environment factor both physical and psychosocial will leads to increase performance (Buhter 1997). A widely accepted assumption is that better workplace environment motivates employees and produce better results. Most people spend 50% of their lives within indoor environment which greatly influence their mental status, action, abilities and performance (Sundstrom 1994). There are different factors that affect the performance of employee in organization; among those factors work environment plays a great role towards determining the performance of employee in any organization (El-Zeiny, 2013). Anugwom (2004) stated that un-conducive work environment creates a feeling of un-fulfillment, inhuman treatment and neglect for the employees and with this feeling they can really put in their best. Onogori (2007) asserts that when the employee fail to find his work fulfilling and satisfying, it lead to boredom, reduced efficiency, fatigue, frustration, dependency and finally they might be leave their job. Preparing sustainable workplace environment improves employee's performance in organization (Shilkdar and Shawaqed, 2003).

According to Chandrasekhar (2011), there are different key factors that could have very big impact towards the performance of employee. Empirical studies done include Awoke Tesfu (2019), on the effects of working environment on employee performance a case of Bole Lemi Industrial park in Ethiopia. The finding of the study indicated that social work environment (democratic leadership style & motivation), administrative work environment (training) and physical work environment had a positively significant relationship towards employee performance. Nhawar Nadeem & Aqeel Ahmad (2017) conducted also a research on the impact of work environment factors on employees' performance a case study on manufacturing industry of Lahore –Pakistan. The finding of the study revealed that work environment; supervisor support, employee willingness and work aid have a positively correlate and positively affect with each other and have positive relationship with employees' performance.

Currently, office has been facing with challenges of attracting, retaining and motivating employees which subsequently affect performance. The conducted preliminary survey through personal observation and unstructured interview on utility office employees before beginning the actual study shows that there is lack of motivation, work overloaded, poor physical work environment, insufficient training, unfair performance appraisal practices, weak leadership style, problems related to HR recruitment & selection practice, e.t.c which directly and indirectly affects the performance of employee. Moreover, even if Customs Commission has been paying better salary and provide house allowance to employees relative to any other public organizations, still employees has been leaving their job, they feel dissatisfaction, increase absenteeism, high turnover those problems lead to increase recruitment & selection, training and other related costs which adversely affect the performance of the utility office. So, there is requirement to have healthier, motivated, committed and stabilized work force which can be maintained through creating conducive work environment. In turn suitable work environment enhances performance and maximize employees performance.

Therefore, it is essential to generate relevant evidence through a detail study highlight solution to improve the performance of employees. The researcher tried to investigate those problems by selecting some work environmental factors such as physical work environment(workspace Layout, office furniture, Toilet & washing facilities and work load), Social work environment (motivations,

Participative leadership style and organizational culture) and Administrative work environment(training, performance appraisal system and HR recruitment & selection practice).

Although those researchers have tried to investigate the existing activities of different organizations, leadership, and employee performance, none of them have emphasized the effects of environmental effects on employee performance. This oversight highlights a gap in the research that could provide valuable insights into how external environmental factors influence organizational dynamics and employee effectiveness. Addressing this area could lead to a more comprehensive understanding of organizational performance. They were also incapable of looking at the organizational commitment, organizational success, employee performance, and their achievement. Besides, there are no adequate and comprehensive studies regarding the effect of the work environment on these factors. This gap indicates a need for further research to explore how environmental conditions influence not only employee performance but also organizational commitment and overall success in employee performance in the case of Habesha Breweries S.C.

### **1.3. Research Questions**

The above problem statement guided the researcher to build up research questions regarding the effects of work environment on employees performance at Habesha Breweries S.C., the study tried to answer the following four main questions:-

1. What is the effect of physical work environment on employees' performance?
2. What is the effect of social work environment on employees' performance?
3. What is the effect of administrative work environment on employees' performance?

### **1.4. Research Hypothesis**

Based on the problem and the research questions of the study, the following hypotheses were developed and tested.

#### **Hypothesis: 1**

H0: Physical work environment has no significant effect on employees performance.

#### **Hypothesis: 2**

H0: Social work environment has no significant effect on employees performance.

#### **Hypothesis: 3**

H0: Administrative work environment has no significant effect on employees performance.

## **1.5 Research Objective**

### **1.5.1 General Objective**

The general objectives of this study were to assess the effect of work environment on employees performance in case of Habesha Breweries S.C..

### **1.5.2 Specific objectives**

- ✚ To examine the effect of physical work environment of the organization on employees performance.
- ✚ To assess the effect of social work environment of the organization on employees performance.
- ✚ To investigate the effect of administrative work environment of the organization on employees performance.

## **1.6. Significance of the Study**

This study is significant in a number of ways: It is design to unveil the hidden treasure awaiting employees/employers in the discharge of work environment to their immediate environment. The study will expose readers to the magnificent contributions of work environment on employee performance. It is hope that this study will add to existing body of knowledge on the subject matter understudy and also incite for the research on the work environment and it impact on Employee performance in business organization.

## **1.7. Scope of Study**

The study will sought to investigate the effect of work environment on employees performance in case of Habesha Breweries S.C.. Thus, the independent variables to be included physical work environment(workspace Layout, office furniture, Toilet & washing facilities and work load), Social work environment (motivations, Participative leadership style and organizational culture) and Administrative work environment(training, performance appraisal system and HR recruitment & selection practice) and whereas the dependent variable is employees performance. The study used close-ended questionnaires. Both descriptive and explanatory research design was applied. The study was conducted in the academic year of 2017/2024.

## **1.8. Organization of the Paper**

The research thesis was organized into five chapters: Chapter one contains the introduction part dealing with background, research problems, objectives, significance and scope of the study. The second chapter discussed the review of related literature. Chapter Three focused on the methodologies of the study. While chapter four presented and analyzed the data, as well as the interpretation part. Finally, chapter five covered the summary, conclusions and recommendations of the study.

## **CHAPTER TWO**

### **2. REVIEW OF RELATED LITERATURE**

#### **2.2. Introduction**

This chapter presents a comprehensive review of relevant literature in an attempt to position the study in an appropriate theoretical framework. It review theoretical, empirical and conceptual literature related to the study. It comprises theories related to factor of workplace environment that affect the performance of employee, such as physical work environment (workspace Layout, office furniture, Toilet & washing facilities and workload), Social work environment (motivations, Participative leadership style and organizational culture) and Administrative work environment (training, performance appraisal system and HR recruitment & selection practice).

#### **2.2. Theoretical review literature**

##### **2.2.1 Overview of Work Environment**

The quality and quantity of work generated by employees are influenced by work environment and its impact may be positive or negative on employees (Dr. Anil P. Sarode & Manisha Shirsath, 2014). The work environment in organization plays an important role in creating the impact on employees morale, productivity and engagement- both positively and negatively (Dr. K. Chandrashekar 2011). The work environment factors affect the quality of work life, individual quality of work life outcomes and organizational outcomes (Linda Flynn 2007). A proper workplace environment leads in reducing the number of absenteeism and also increases the level of employees' performance which helps to increased performance at workplace (Boles et al, 2004)

Work environment is the sum of the interrelationships that exists within the employees and the environment in which they work (Kohun, 2002). According to Heath (2006), work environment involves the physical location as well as the immediate surroundings, behavioral procedures, policies, rules, culture, resources, working relationships, work location, and internal and external environmental factors, all of which influence the ways those employees perform their job functions when the employees physically and emotionally have the desire to work, then their performance outcomes shall be increased. The quality of the workplace environment impacts



on employees performance and subsequently influences the organization competitiveness. An effective work environment management entails making work environment attractive, comfortable, satisfactory and motivating to employees so as to give employees a sense of pride and purpose in what they do (Humphries, 2005).

Brenner (2004) was of the opinion that “the ability to share knowledge throughout organizations depends on how the work environment is designed to enable organizations to utilize work environment as if it were an asset. This helps organizations to improve effectiveness and allow employees to benefit from collective knowledge”. In addition, Brenner (2004) argued that work environment designed to suit employee’s satisfaction and free flow of exchange of ideas is a better medium of motivating employees towards higher performance. Work environment when appropriately designed, motivates employees toward higher performance. The effectiveness of a job design cannot be measure without the knowledge of the work environment in which the design is place it is part of total picture. Work environment includes some factors, which either contributes positively or negatively to achieving maximum employee performance such as management style, motivation, culture, interpersonal relationship (Elywood, 1999).

According to Amir (2010), the workplace is an arranged area which is provided by the organization in order to achieve its goal. An arranged area can be described as the layout of a work space which suits the nature of the job or task that is to be performed. It can have an office layout with cubicles, desks, chairs and cabinets or just a work table with a wall fitted with all types of hand tools which suits a workshop. The right type of work environment is needed in order to attract users to feel comfortable and this would enable them to work effectively. Ajala (2012),claims that an environment is the immediate surroundings of a user which is manipulated for their existence or use. Hence, a workplace gives an environment to the employee to perform a given task. Based on a research done by Oswald (2012), there are two types of work environment which are the physical component as well as the behavioral component. It is said that the physical environment consists of elements which is related to the connectivity of the user with their office environment. Meanwhile, the behavioral environment consists of elements which is related to the connectivity between users in the same work environment as well as the impact of work environment on the user's behavior.

### 2.3. Classification of Work Environment

There are many different types of work environment. Several attempts have been made to put the different types in an organized way as seen with the Holland Codes proposed by John Holland (2015), a psychologist with an interest in matching people with work environments that suit their personalities. Holland's approach to the types of work environment looked at the nature of the work done. He identified six different environments: **realistic, social, enterprising, artistic, investigative, and conventional**. In realistic environments, work is more hands on, while investigative environments place a high priority on thinking and theoretical discussions. Enterprising environments involve more self initiative to start and innovate projects. Conventional work environments use set protocols and routines, such as data basing customer information, while artistic environments promote creativity and the production of works of art. **Social work environments** involve a high degree of interaction, as seen in customer service and teaching (Dwyer et al, 1991).

Another way to look at work environments is to assess the physical surroundings, differentiating between offices, warehouses, retail stores, scientific research facilities, fieldwork sites, and so forth. These work environments may be suited to different kinds of personalities and career goals. **The physical environment** can also have an impact on suitability for work; some people do not enjoy the rigid and controlled climate of a lab, for instance, or prefer working outdoors. Concerns about conditions in different types of work environment may be an issue for some job seekers with worries about their ability to thrive in physically demanding or boring environments (Salin, 2003).

**The social and psychological climate** can also be a metric to use when distinguishing between different types of work environment. Some workplaces have very rigid chains of command, while others may be more flexible and egalitarian. Employees may be encouraged to participate, offer feedback, and shape their environment, or could be expected to focus on tasks without criticizing their employers or supervisors. Some workplace climates can become hostile because of a tolerance for harassment or ferocious competition, while others are more friendly and relaxed.

According to Woodward & Psych (2000) as cited by Christian Addai Manu (2015) work environment classify as physical environment, social environment and administrative environment.

- **The Physical work environment** includes:- Work Load, Technology/Equipment, availability of material supply, Shift timings, Working hours and etc.
- **The Social work environment** also consist of interpersonal relations, multiple teams, management style / Support, Status at work, autonomy, decision making, culture, climate. e.t.c
- **Administrative work environment:** - comprises organizational structure, organizational goals, and policies for promotion, leave, transfer, training and development, performance evaluation system e.t.c.

Bhauya Patil, Dr Deepak G Kulkarni (2017) studied on work environment and its impact on employees' performance: in hospitality industry Belagau India. They listed social work environment as motivation, team work, uniformity, relationship, recognitions, communications supportive behavior, punctuality e.t.c

Chika Ebenezer Duru (PhD) and Dominic Shimawua (PhD) (2017) studied on the effect of work environment on employee productivity: a case study of Edo city Transport Services Benin city, Edo State Nigeria. They classified work environment in to two categories:-internal and external environment. The internal environment is the one within the control of an organization while the external environment is beyond the control of the organization. The external environmental factors play a great role in affecting job performance. It includes:-physical environment, legal environment, socio-cultural environment, political environment, demographic environment, technological environment, economic environment.

Other scholars such as Opperman (2002) was quoted in Yusuf and Metiboba,(2012), to define & classified workplace environment as composition of three major sub-environments which include the technical environment, the human environment and the organizational environment. According to them:-

- **Technical environment** refers to tools, equipment, technological infrastructure and other physical or technical elements of the work place.

- **The human environment** includes the peers, others with whom employees relate, team and work groups, interactional issues, the leadership and management (p.37). The human environment can be interpreted as the network of formal and informal interaction among colleagues; teams as well as boss-subordinate relationship that exist within the frame work of organizations. Such interaction (especially the informal interaction), presumably, provides a venue for dissemination of information and knowledge as well as cross-fertilization of ideas among employees.
- **Organizational environment** includes systems, policies, procedures, practices, values and philosophies which operate under the control of management. In the words of Akintayo (2012) organizational environment refers to the immediate task and national environment where an organization draws its inputs, processes it and returns the outputs in the form of products or services for public consumption. The task and national environment includes factors such as supplier's influence, the customer's role, the stake holders, socio cultural factors, the national economy, technology, legislations, managerial policies and philosophies.

## **2.4. The effects of work environmental factors on Employees Performance**

This section provides insights on how employees performance influenced by the work environment and what are those key factors. Work environments have many properties, components or factors that may affect both physical and psychological well-being of employees (Briner, 2000). How well employees engage with factors in their work environments influences to a great extent in their mistake rate, level of innovation and collaboration with other employees, absenteeism and ultimately, how long they stay in the job which is a function of their commitment towards work (Chandrasekar, 2011).

From several working environmental factors presented in previous studies, the present study however, takes physical work environment (workspace Layout, office furniture, Toilet & washing facilities and workload), social work environment (motivation, participative leadership style & organizational culture), and administrative work environment (training, performance appraisal system and HR recruitment & selection practice) which are deemed to be more prominent factors for HABESHA BREWERIES S.C. utility office at the current situations.

### **2.4.1 Physical work environment**

The ability of the physical workplace environment to influence behaviors and to create an image is particularly apparent for service providing (tax & duties collecting, law enforcement) organizations such as HABESHA BREWERIES S.C. utility office. The physical environment includes components of the tangible workplace environment that comprise spatial layout and functionality of the surroundings (Kohun, 2002). Spatial layout refers to the ways in which office equipment and furnishings are arranged, the size and shape of those items, and the spatial relationships among them. The spatial layout of furniture was found to influence the amount and nature of conversation between individuals (Becker, 2002). Functionality refers to the ability of the same items to facilitate performance and the accomplishment of goals. How performance is achieved will be affected by how well people fit with their physical workspace and physical work environment (Srivastava, 2008).

Well-designed office layout impressions suggest that certain dimension serves a symbolic function by connoting meanings and images about organizations and further how their employees are to be engaged (Challenger, 2000). Based on these affordances, it is suggested that employees will tend to identify more with these features which enhance performance. Informal seating arrangements, such as chairs placed at a right angle facilitate social interaction, whereas formal seating arrangements, such as chairs placed back-to-back discourage social interaction (Doman, 2008).

For the purpose of this study, the researcher identified three dimensions of physical work environment including:-workspace layout, office furniture, toilet & washing facility and workload.

#### **2.4.1.1 Workspace Layout & office furniture**

The layout of workspace is one of the main contributors to design group where it relates the usage of space and design of the workspace according to an employee's specific task. According to the study by Chandrasekar (2011), the design of a workplace impacts behavior of an employee and this behavior drives the performance level of the employee. Workspace is an essential part of the physical factor in the workplace; poor layout and overcrowding will not lead to optimization but only increases the chance of getting injured or getting involved in accidents such as

tripping or striking against objects. The layout of a corporate office would be totally different compared to a manufacturing based company or call centers as explained earlier that layout varies according to the employees' specific task (Chandrasekar, 2011). Apart from that, some prefers privacy and some workplaces practice flexible workspace. Privacy design layout are more suitable for high ranking personnel in the organizations where confidential matters are discussed frequently. Whereas, flexible design layout is more applicable for a group of employees working together as communication is an essential part of getting tasks done in a complete manner such as in the customs line.

Research done by Brill (1992), office layout shows an increase in employees' performance up to 19% for employees and 17% for managers which is a very significant rise in productivity. Another research done by Gensler back in 2006 on 2000 office employees reveals 90% of them believes that better layout and design of workspace results in better performance. These results show the importance of workspace layout as claimed earlier that it is the main contributor to design group. Another study conducted Naharuddin and Sadegi (2013), also shows that design gives a positive effect to performance. These designs are not limited and consist of machine design, job design as well as facility design. Physical work environment definitely contributes towards the success of the business which is better performance of an employee that leads to outstanding performance of the organization itself. Proper workspace with suitable furniture and furnishing should be provided by the employer and it is their responsibility to ensure all employees are not exposed to any hazard and would not have any type of injury due to occupational hazard. These will only lead to discomfort and lack of productivity in the workplace because employees would feel difficult to work (Chandrasekar, 2011).

Office furniture also plays a big role in ergonomics. Especially the desk and the chair that is being used at our respective work place where we spend hours utilizing it while performing our work. Long hours spent in the office utilizing this furniture can cause body pain in short term and also severe injury such as nerve or bone injury in the long run if not treated or corrected in the early stages. Office furniture comprises of desks chairs, the filing system, shelves, drawers, etc. All these components have a specific role to play in the proper functioning of any office and the performance and the efficiency of the employees. Office furniture helps the organization tremendously in increasing its performance, and at the same time taking care of the employees' health.

#### **2.4.1.2. Toilet & washing facilities**

Toilet and washing room should be readily and accessible, clean and the necessary safety materials should be providing to employees. diseases As Betts (1975) commenting on effect of general cleanliness of work environment because cleanliness do not only from the basis for a healthy body and mind built also a vital contribution to employees increased efficiency. He went ahead to make a negative effect on the morale, interest and productivity of employees. Derek (1975) also propound that employees may be most unhappy if their working environment is unclean. The fulfillment of those things would increase employees' job satisfaction which leads increase employees performance.

#### **2.4.1.3 Work load**

Workload is generally defined as the extent of the processing capacity that is expended during the performance of a task and thus involves the interaction between resource supply and task demand (Young et al., 2008). According to (DiDomenico and Nassbaum, 2008) support this definition and stated that workload is determined by the relationship between task demands, the circumstances under which that task takes place and the perceptions, actions, skills and knowledge of the individual performing the task. The task demands may include physical actions, cognitive tasks and/or a variety of other factors. These definitions suggest that workload is concerned with the relationship between the task demand and the person's resources, which include skills, knowledge, behavior and task perception (Young et al., 2008; DiDominico & Nussbaum, 2008). Workload can also be defined as the expenditure incurred by a person, given their capacities (resources), while achieving a particular level of performance on a particular task with certain demands (Hart & Stave land, 1988). Increased workload can improve short-term performance, but it can increase long-term costs, as stress and illness among employees lead to poor judgments and low performance (petterson & Armets, 1998). According to the points if the workload increased short term performance improve, but it can decrease long-term productivity.

Workload refers to the intensity of job assignments, (Parveen et al, 2013). It is a source of mental stress for employees. Stress is an active state of mind in which human being faces both an opportunity and constraint (Robbins, 2011). Numerous studies found that job stress influences the

employees' job satisfaction and their overall performance in their work. In fact, modern times have been called as the "age of anxiety and stress" (Rehman et al. 2012). Excessive work interference with family is also associated with greater stress mostly, job burnout, increased absenteeism and higher turnover (Allen et al., 2000; Anderson et al., 2002). As, Kirch Meyer, (1995) workload is an opportunity for the employees to learn and prosper more quickly. As employees do their jobs they gain more work experience, which enhance their exposure. It is also viewed that employees who have enough work to do remains more active while work-less employees leftover lazy. Workload pressure can be positive leading to increased performance. Underutilization of human skills or failing to reach the full potential of the employees is also one cause to increase stress. Employees who have the capabilities to perform a job enjoy workload. However, when this pressure becomes excessive it has negative impact (Shah et al. 2011). All types of stress including work overload have a definite impact on the individual and the organization. Both physical and mental illness renders the employee unfit for work, and combine both to decrease the satisfaction obtained from work and reduce job performance and productivity levels. A long - term heavy workload can affect an employee's physical or mental health, performance or productivity. Heavy workloads have been shown to have a negative impact on turnover (Malik and Ahmad, 2011). Two types of Work over load are identified by researcher: qualitative and quantitative. Qualitative overload happen when people feel they lack the ability required to complete their jobs or that performance standards have been set too high. On the other hand, quantitative overload results from having too many things to do or insufficient time to complete a job (Ivancevic et al., 2012).

In a study conducted by Siron and Tasripan (2012) the researchers suggested that in order to increase the performance of employees and managers, organizations should have to handle the issues of workplace work load effectively.

## **2.4.2 Social Work Environment**

This is the other second types of work environment factors which comprise:-

### **2.4.2.1 Motivation**

Motivation is the willingness or desire to do something that conditioned by the activity or the ability to satisfy some needs (Robbins, 1997). The studies on employees' motivation have been



widely practiced in today's enterprises across all sectors, regardless of their size. Verhellen (1994) argues that motivation strategies aim to create a work environment and to develop policies and practices, which will provide for higher levels of performance from employees. They will be concerned with measuring motivation to provide an indication of areas where motivational practices need to be improved; ensuring, so far as possible, that employees feel they are valued, developing behavioral commitment, developing an organization climate which will foster motivation; improving leadership skills job design; compensation and reward management; and the use of behavioral modification approaches.

Le Tran,( 2002) cited on his journal that motivation is a key determinant of job performance and a poorly motivated force will be costly in terms of excessive employee turnover, higher expenses, negative morale and increased use of managements' time. Therefore, management must know what exactly stimulates their employee so resources are not misallocated and dissatisfaction develops among employees (Jobber, 1994). As Green (2000) has described motivation to be proactive in the sense of in dealing with employees who are high performers, motivation is essential, otherwise their performance will decline or they will simply leave the job. While dealing with low performers, motivation is a prerequisite; otherwise these employees will drag results down, lower performance and certainly would not leave the organization, as they will have nowhere else to go.

A motivated workforce is essential because the complete participation of employees will certainly drive the effectiveness of the organization (Carlsen, 2003), believe motivation is the educating of employees to channel their efforts towards organizational activities and thus increasing the performance of the said boundary spanning roles. According to Denton, a motivated workforce will lead to greater understanding, acceptance, commitment to implementation, understanding of objectives and decision making between management and employees. Among different elements of motivation there are six most important elements of motivation: rewards, pay, profit sharing, promotion, recognition, job enrichment.

#### **2.4.2.2 Participative leadership style**

Leadership broadly involves influencing processes in determining organizational goals, motivating followers' behavior to achieve goals, and influencing to improve their group and culture.

According to Miftah Thoha (2010: 45), leadership is the process of influencing the interpretation of the events of his followers, organizing activities to achieve the goals, maintaining cooperative relations and group work, obtaining support and cooperation from people outside the group or organization. In personality theory according to Moejiono is that the real leadership is as a result of one-way influence, because the leader may have certain qualities that distinguish himself with his followers. Meanwhile, according to R .Kreitner & A. Kinicki (2005: 67) leadership is a process of social influence where leaders seek voluntary participation from subordinates in an effort to achieve organizational goals. The leader is someone with the authority of his leadership to direct his subordinates to do part of his work in achieving the goal.

There are three types of leaders (participative, autocratic and laissez faire) which is most widely frequent and used (Tannenbanum & Schmidt, 1958). Dahl (1989) & Fishkin (1991) proclaimed that participative leadership influences people in a manner consistent with the basics of democratic principles and process, such as deliberation, equal participation, inclusiveness and self-determination. Verba, (2015), participative leadership encourages innovation, team work, creativity and people are often being engaged in projects that lead to increased performance, job satisfaction and increased productivity. Iqbal, et al.(2015) stated that democratic leader makes no suggestions, however they enquire the opinions of others. This leadership promotes all team members to participate to make final decision and develop entire process to reach their goals (Trivisonno & Barling, 2016). One of the major benefit of participative leadership style is that the process facilitates in development of some additional leaders who can majorly serve the organization and have active involvement on the part of everyone in the team (Armstrong & Taylor, 2014). participative leaders encourage and invite team members to play a significant role in the final decision making process but the ultimate power relies in the hands of leaders and he/she guides the team on what to do, how to do, and employees communicate their suggestions, experience and recommendations (Skogstad, 2015).

The leadership role is important to the building of positive interpersonal relations and self confidence of individuals on a personal level, which means it is turn important for organizations to hire highly skilled and knowledgeable individuals in these roles. As such, individuals with knowledge and past experience of working in such a capacity are preferably hired to fulfill this role (Chandrasekar, 2011).

### **2.4.2.3 Organizational culture**

The arrangement of attributes that vary from one organization to another is what is referred to as culture. It is a set of beliefs, behaviors, values and knowledge of a group of people at the same time and place (Forehand & Von, 1964). Organizational culture can be described as a set of common values, behaviors, and beliefs that are practiced towards the achievement of organizational goals, and forms one of the main reasons why organizations with strongly developed and practiced cultures tend to perform better than those where culture is weak (Deal & Kennedy, 1982). The culture of the organization should be developed to support continuous improvement in employees' performance so that employees are able to identify with the values, norms and artifacts of the organization, hence the need for organizational culture (Ojo, 2009). It is through this process that employees learn about the organizational culture and decide whether they can cope with it or not, meaning that an organization is a learning environment. It makes employees understand that organizational culture makes employees perform better, hence understanding more of performance as the extent to which an individual is carrying out an assignment or task (Cascio, 2006).

Earlier studies indicated a relationship between organizational culture and employees' performance. Magee (2002), as cited in Agwu (2014), argued that organizational culture is inherently connected to organizational practices which in turn influence employees' performance but Hellriegel and Slocum (2009) contend that organizational culture can enhance employees' performance if what sustains it can be understood. Thus, the culture of an organization acquaints employees with the organization's history as well as current methods of operation that guide employees on expected and acceptable future organizational behaviors and norms. Ferris et al (1998) assert that effective human resource system is based on supporting values that create a positive impact on employees' attitudes and behaviors' which in turn influence their performance but from numerous surveys on culture, it has been claimed that employee performance can be improved by developing and creating certain kinds of organizational cultures (Sackman and Bertelsman, 2006).

Martin and Siehl (1990), cited in Agwu (2014), argue that organizational culture is theoretically related to performance and has a positive influence on it, as Bowen and Ostroff (1989) also observe that the role of culture involves nurturing, sustaining and enhancing

employees' performance in organizations. According to Furnham and Gunter (1993, cited in Luu (2010), organizational culture functions as the internal integration and coordination between an organization's operations and its employees whereby, if it fails to fulfil these functions to a satisfactory level, employees may be influenced negatively but if there is a positive culture, this supports adaptation and enhances employees' performance by motivating, shaping and channeling their behaviors' towards the attainment of corporate objectives (Osibanjo and Adeniji, 2013). Therefore, to improve an organization's performance, there is need to have a clear sense of purpose and commitment towards its mission by reflecting its ultimate long-term objective which is accomplished by conducting integrated operational and behavioral activities.

In the current study, the researcher also views organizational culture as shared values, beliefs and norms that influence the way employees think, feel and behave in the workplace and also assumes that a positive organizational culture will enhance employees' performance as values shared by employees in the organization. Several academics and practitioners (Kotter and Heskett, 1992), cited in Agwu (2014), argue that the performance of an organization depends on the degree to which the values of its employees are widely shared. Similarly, it is generally argued that shared and strongly held values enable management to predict employees' reactions to certain strategic options and reducing these values may bring undesirable consequences (Ogbonna, 1993). Aluko (2003) asserts that organizational culture is divided into two major aspects material and nonmaterial cultures. The material aspects of culture include products of industry, technology, art, and are directly observable. The non-material aspects of culture consist of the knowledge, philosophy, morals, languages, motivation, attitudes, values, and norms shared and transmitted in a society. They are not visible or tangible but they are manifested through the psychological states and behavior of the people.

Shazad et al (2013) assert that a strong culture within the organization leads to raise the employees' commitment towards achieving the goals of the organization on a common path because it is very helpful to increase the performance of the employees. They also contend that personal beliefs are different from the organizational values when an employee is entering in the organization, whereas in a strong culture, employees are on the common path towards

achieving organizational goals, which provide the opportunity to the employees to grow and perform well in the organization.

### **2.4.3 Administrative work environment**

The third type of work environmental factor is administrative work environment, for the purpose of this study administrative environment consists of the following factors:-

#### **2.4.3.1 Training**

A report ran by McKinsey in 2006 showed that improving capabilities, skills and knowledge of a talented workforce was a major competitive advantage in a competitive market. For an organization to develop the desired knowledge, skills and abilities among its employees, so as to improve their performance, there is need for implementation of training programs (Meyer & Smith, 2012). Effective implementation of this may positively affect employee motivation and their commitment towards the Organization. The training offered is geared towards optimizing the employee's potential and to prepare the employee to perform their work at the expected standard. Organizations with good policies in place can invest in the development of new skills for their workforce giving them an edge over their competitors in the market place. Investment in the employee training reflects the organizations interest in the development of employees and as a side effect leads higher motivation and commitment among the employees. The employees then give their all towards achieving the organizations goals.

Training is an activity that is planned, systematic and that result in an enhanced level of skill, knowledge and competencies necessary to perform a job effectively (Gordon, 1992). The goal of training programs is to bridge skill gaps that exist among the organizations workforce to enable the organization achieve the optimum performance. Training can be given through different methods including coaching and mentoring, on the job training and through instructions (Tai, 2012).

Effective training improves the performance of employees through developing their innate capabilities, honing their creativity and their thinking abilities. This improves their ability to deal with customers in an effective and timely manner (Huselid, 2009). The employees develop a level of self-efficacy and superior work ethic through targeted training to address existing gaps in

the business skill sets (Kinicki & Kreitner, 2011). Training also helps keep the employees satisfied at their jobs for they are confident of their ability to perform their job at the highest possible expertise. According to Pfeffer (1994), training helps improve job performance as improved performance by the employees leads to satisfaction of management who may express their feedback in various ways. From training, there is a recorded increase in efficiency of organization processes, ability to adopt new technology, improved job satisfaction, financial gain, reduced employee turnover and increased innovation and happier customers (Kaliannana and Adjovub, 2014).

Training methods can be categorized into on the job training and off the job methods (Decouza and Robbins, 1996). On the job training includes instruction at the place of work with the trainee receiving instruction from a fellow employee who is versed in the particular job while normal work continues. This is very common with new employees in organizations. Off job training on the other hand happens at a location outside one's normal workplace and is composed of lecturers, case studies, presentations, role playing, and simulations among others (Decouza & Robbins, 1996). It includes orientation training for new employees; apprentice training for technical training; vestibule training for training semi-skilled employees; and lectures for instructing large audiences especially in colleges.

Guest (2007) in his study mentions that training and development of employees comprises one of the major roles of human resource practitioners as it positively impacts their performance and the performance of an organization. A study by Farouq and Khan (2011) also provided for a positive correlation between training and employee performance. It follows therefore that for an organization to improve its performance, it must provide for the training of its employees.

#### **2.4.3.2 Performance Appraisal System**

Performance is a multidimensional construct, the measurement of which varies depending on a variety of factors. A more comprehensive view of performance is achieved if it is defined as embracing both behavior and outcomes. Employees' performance is an important factor that contributes to improve the outcomes, behavior and traits of the employees. It helps to improve the performance of the organization. There are essentially three types of performance data available

which includes measures of output of goods and services which may be quantitative and qualitative, measures of time and financial measures (Getamesay, 2016).

The performance outcomes of HRM can be captured in a variety of ways that can be in financial outcomes like profits sales, market share or organizational outcomes like productivity; quality; efficiencies and HR-related outcomes like attitudinal and behavioral impacts among employees such as satisfaction, commitment, and intention to quit (Paauwe, & Boselie, 2005). Individual performance can be measured by reference to key performance indicators (KPIs). KPIs define the results or outcomes that are identified as being crucial to the achievement of high performance. Measuring performance is relatively easy for those who are responsible for achieving quantified targets. However, it is more difficult to measure the case of knowledge employees (Armstrong, 2005). As Armstrong (2009), stated performance appraisal is encouraged in organization to identify and improve the major pitfalls of the employees for training .A performance appraisal is the process by which an organization assesses the job-related performance and development of its employees. The process involves rating performance against organization-set standards, and providing feedback as to quality of work performed (Ann & Jerry, 2009)

In the absence of a carefully structured system of appraisal, people will tend to judge the work performance of others, including subordinates, naturally, informally and arbitrarily. The human inclination to judge can create serious motivational, ethical and legal problems in the workplace (Gichuhi. Et al, 2012).Performance appraisal is known by other terms like employee appraisal, performance review. It is a method by which the job performance of an employee is measured in terms of quality, quantity, cost, behavior and time. It is conducted by self, peers, seniors and junior. But generally in formal method it is conducted by the immediate manager or supervisor under whom the person is directly working. . A performance appraisal is a part of measuring, comparing, finding, guiding, correcting and managing career development of the employees. It is the process of gathering, recording and critically analyzing information about the relative importance of employees to the organization. Performance appraisal is study of present achievements, and failures, personal strengths and weaknesses, and suitability for incentives, rewards and recognition, increased pay scale, promotion or further training (Robins, 1997).

Simegn Zena,(2019) in his study on factors affecting employees' job performance at commercial factory of Ethiopia Addis Ababa area branches. The finding of the study shown that Performance appraisal system and employee job performance are positively related to each other. At the same time, performance appraisal system has a significant positive effect on employees' performance. As a result, improvement in performance appraisal system can bring about improvement on employee performance.

## **I. Basic Principles of Performance Management**

Quality and effectiveness of performance management is a reality in organizations only when certain basic and fundamental tenets/ principles or practices of management are followed (Pal, 2011). These include:

**A. Transparency** :-Decisions relating to performance improvement and measurement such as planning, work allocation, guidance and counseling and monitoring, performance review etc., should be effectively communicated to the employees and other members in the organization (Aguinis, 2005).

**B. Employee development and empowerment**:-It is doing about effective participation of employees (individuals and teams) in the decision making process and treating them as partners in the enterprise. Recognizing employees/ manages of their merit, talent and capabilities, rewarding and giving more authority and responsibility etc., come under the umbrella this principle (Armstrong, 2005).

**C. Values** :-A fair treatment and ensuring due satisfaction to the stakeholders of the organization, empathy and trust and treating people as human beings rather than as mere employees form the basic foundation, apart from others (Zhang, 2016).

**D. Congenial work environment** :-The management need to create a conducive and congenial work culture and climate that would help people to share their experience knowledge and information to fulfill the employees' aspirations and achieve organizational goals (Pal, 2011). Employees should be well informed about the organizational mission, objectives, values and the framework for managing and developing individuals and teams for better performance (Robbins, 1997).



**F. External environment** :-Effective and contextual management of external environment to overcome the obstacles and impediments in the way of effective managerial performance (Pal, 2011).

## **II. Reasons for Performance Gap**

As Armstrong (2009), stated in his book there may be a number of reasons for the poor performance.

- **Personal ability:** Has the individual the capability? Is there a skills gap needing training?
- **Manager ability:** Have I given enough direction, and made sufficient resources available?
- **Process gap:** Has the appraisal system been at fault? Have the goal posts moved or external forces made the task unattainable? Have there been regular enough review sessions and is the reward system pointing in the right direction?
- **Environmental forces:** Has the organization created departmental/divisional/work process barriers, red -tape overkill, cultural restrictions or hidden agendas which make the task impossible?
- **Personal circumstances:** Has something at home affected performance at work?
- **Motivation:** Is the person demotivated or suffering from stress or lack of challenge?

Poor performance can often be a symptom of other problems. Obviously, you need to work with the individual concerned to recognize where the problem is and how it should be resolved.

### **2.4.3.3 HR recruitment & selection practice**

The process of recruitment emerges as one of the most critical and strategic processes in any organization. Lewis (1985) has distinguished between recruitment and selection along with definitions of both the terms. According to him, “Recruitment is the activity that generates a pool of applicants, who have the desire to be employed by the organization, from which those suitable can be selected”. He defines Selection as, “the activity in which an organization uses one or more methods to assess individuals with a view to making a decision concerning their suitability to join that organization, to perform tasks which may or may not be specified”. It can be seen from the definitions that the first stage of the process is labeled recruitment, and second selection.

Barber (1998) defined the first phase of recruitment as the period when an organization uses an array of different practices to attract individuals to apply to the organization. Further, an organization's success in this early stage of recruitment limits the potential value of the recruitment process as a whole because the effectiveness of later recruitment stages can only maintain or degrade the size and quality of the initial applicant pool (Carison et. al, 2002).

Recruitment is also one of the factors that can affect the employee performance and reinforced with the opinion from Castetter (in Pambagio et al., 2013), which suggests that the implementation of recruitment which are not in accordance with the plan that has been set, will cause problems such as low performance, high levels of employee absenteeism, often too late, and others. With a good recruitment, it will pull in more qualified employee so the performance will also be safer. The good recruitment program will be able to give positive influence to increase employee commitment, performance and the work quality (Patimah, 2015).

## **2.5. concepts of employees Performance**

Performance can be defined as the outcome of all cumulative actions that an employee performs using his skills, abilities, and knowledge for a particular situation or task during a given time frame (Prasetya & Kato, 2011). It is one of the steps towards the achievement of an organizations goals, which is the reason why HRM deems the improvement in employee skills vitally important, since it is directly correlated to performance (Suhartini, 1995). 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). Job performance can be defined as behaviors or activities that are performed towards accomplishing the organization's objectives (Moto widlo, Borman & Schmit, 1999).

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, for

good or bad systems, performance expectancy, feedback on performance, in addition to knowledge, skills and attitudes and also management style, compensations, organizational culture training and development etc (Stup, 2003).

Working environment is also an important factor that has a significant impact on an employee's performance, fulfilling their intrinsic, extrinsic, and social needs, forming the basis for their stay in an organization, as well as being the key determinant of quality in work and performance levels (Haynes, 2008). A positive work environment therefore has a multitude of benefits to an organization. The work environment and its influence has been vastly studied since the environment can hinder, intervene with, or set limits on the range of work behaviors that are displayed which, in turn, potentially impacts task performance.

## **2.6. Theories Related to Employee Performance.**

Many theories have been advanced to explain the link between workplace environment and employee performance. Maslow (1943) said that people work to survive and live through financial compensation, to make new friends, to have job security, for a sense of achievement and to feel important in the society, to have a sense of identity, and most especially to have job satisfaction. All employees that have job satisfaction are high performers in their respective workplaces. On the other hand, Taylor (1911) opined that the most important motivator of employees is salary and wages when he said that "non-incentive wage system encourages low productivity". He said that if employees receive the same wage irrespective of their individual contribution to the goal, they will work less and that employees think working at a higher rate means fewer employees may be needed which discourages employees to work more (Gardner and Lambert, 1972). Basing on this, the following theories are reviewed to indicate the relationship between workplace environment factors and employee performance.

### **2.6.1. Expectancy Theory**

The core of this theory, relates to how a person perceives the relationships between three things that are effort, performance and rewards. Vroom (1964) proposed that, people are motivated by how much they want something and how likely, they think they are to get it. He

suggests that, motivation leads to efforts and the efforts combined with employee's ability together with environmental factors interplay to determine performance. This performance in turn leads to various outcomes, such of which have an associated value called valence. The three key factors are based on the individual's perceptions of the situation. These are:

The instrumentality: is the relationship between an individual's goals or the rewards he desires and the organizational objectives that he is expected to fulfill. It exists when a person sees that attaining an organizational objective, such as high productivity, will result in receiving the reward he deserves: wages (Literer in Ejiofor op cit p.218).

Expectancy theory it states that motivation will be strong if individuals can reasonably expect that their efforts and contributions will produce worthwhile rewards. The greater the value of a set of awards, and the higher the probability that receiving each of these rewards depend up on effective effort, ability, and role perceptions. In more practical terms, expectancy theory says that an employee will be motivated to exert a high level of effort when he or she believes that effort will lead to a good performance appraisal; that a good appraisal will lead to organizational rewards like a bonus, a salary increase, or a promotion; and that the rewards will satisfy the employee's personal goals (Armstrong, 2005).

Valence: Is the strength of the belief that, attractive rewards are potentially available (Gole, 2004).

According to Vroom the three factors that is, expectancy, instrumentality and valence combine together to create a driving force, which motivates an individual to put in an effort, achieve a level of performance, and obtain rewards at the end.

### **2.6.2. Douglas McGregor: Theory X and Theory Y**

Douglas McGregor proposed two distinct views of human beings: one basically negative, labeled theory-X, and the other basically positive, labeled Theory-Y. After studying managers' dealings with employees, McGregor concluded that their views of the nature of human beings are based on certain assumptions that mold their behavior. Under Theory X, managers believe employees inherently dislike work and must therefore be directed or even coerced into performing it. Whereas , Under Theory Y , managers assume employees can view work as being as natural as rest or play, and therefore the average person can learn to accept, and even seek responsibility.

McGregor himself believed theory Y assumptions were more valid than Theory X. Therefore, he proposed such ideas as participative decision making, responsible and challenging jobs, and good group relations are vital to maximize an employee's job motivation. Unfortunately, no evidence confirms that either set of assumptions is valid or that acting on Theory Y assumptions will lead to more motivated employees.

### **2.6.3. Herzberg Two Factor Theory**

The two factor theory was advanced by Frederick Herzberg in 1959. This study is grounded on this theory that has been explored by various scholars to explain the relation between workplace environment and employee performance. Herzberg defined two sets of factors in deciding employees' working attitudes and levels of performance, named motivation and hygiene factors (Robbins and Judge, 2007). He stated that motivation factors are intrinsic factors that will increase employees' job satisfaction; while hygiene factors are extrinsic factors to prevent any employees' dissatisfaction. The theory pointed out that improving the environment in which the job is performed motivates employees to perform better. Herzberg's theory concentrates on the importance of internal job factors as motivating forces for employees. He wanted to create the opportunity for employees to take part in planning, performing and evaluating their work (Schultz et al., 2010). The content of the theory has been widely accepted as relevant in motivating employees to give their best in organizations.

### **2.6.4. Equity (Fairness) Theory/Organizational Justice**

This theory argues that satisfaction with pay is related to perceptions about the ratio between what one receives from the job (outcomes in form of pay) to what one puts in to it (inputs in the form of effort and skill) compared with the ratios obtained by others. Employees might compare themselves to friends, neighbors, co-workers, or colleagues in other organizations or compare their present job with past jobs.

Mostly equity theory focused on distributive justice which the employees perceived fairness of the amount rewards among individuals and who received them. But organizational justice draws a bigger picture that includes both procedural and interactional justice in addition to it. Procedural justice is all about the perceived fairness of the process used to determine the

distribution of rewards, and Interactional justice is about an individual's perception of the degree to which she is treated with dignity, concern, and respect.

## **2.7. Performance Indicator (Measurement)**

Measuring performance is relatively easy for those who are responsible for achieving quantified targets, like output per hour. Difficulty arises when we desire to measure the conceptions of performance in employees. But this difficulty is alleviated if a distinction is made between the two forms of results, i.e. outputs and outcomes. An output is a result that can be measured quantifiably, while an outcome is a visible effect that is the result of effort but cannot necessarily be measured in quantified terms (Armstrong, 2009). There are components in all jobs that are difficult to measure quantifiably as outputs, but all jobs produce outcomes even if they are not quantified. It is therefore often necessary to measure performance by reference to what outcomes have been attained in comparison with what outcomes were expected, and the outcomes may be expressed in qualitative terms as a standard or level of competency to be attained (Armstrong, 2009). Therefore, a qualitative measure of outcome of an employee's performance can be attributed to the definition of the aspects that define the work done meets or exceeds expectations of organization, completing tasks satisfactorily, or if operations have reached an agreed upon standard. In measuring employee performance for this particular study, the indexes of measurement for performance were extracted from Hakala (2009), and their descriptions are as follows:

**Efficiency and effectiveness** - efficiency is the ability to produce the desired outcomes by using as minimal resources as possible while effectiveness is the ability of employees to meet the desired objectives or target (Stoner 1996).

**Timeliness:** How fast work is performed is another performance indicator that should be used with caution. In field service, the average customer's downtime is a good indicator of timeliness.

**Absenteeism/Tardiness:** An employee is obviously not performing when he or she is not at work. Other employees' performance may be adversely impacted by absences, too.

**Creativity:** It can be difficult to quantify creativity as a performance indicator, but in many white-collar jobs, it is vitally important. Supervisors and employees should keep track of creative work examples and attempt to quantify them.

**Adherence to Policy:** This may seem to be the opposite of creativity, but it is merely a boundary on creativity. Deviations from policy indicate an employee whose performance goals are not well aligned with those of the company

**Manager/supervisors Appraisal:** A manager/supervisor appraises the employee's performance and delivers the appraisal to the employee. Manager/supervisor appraisal is by nature top-down and does not encourage the employee's active participation. It is often met with resistance, because the employee has no investment in its development.

**Employees Job satisfaction:** - Employees who are satisfied with their jobs, believe that their work has a purpose and important for their organization (Moses 2000). Usually the best performers do not leave a job for the purpose of financial benefits. Though salary and benefits plays an important part in selecting and retention of the employees, employees are always observing the opportunities to acquire novel skills, to get the encounter of different duties, and looking for personal and professional development. Therefore, nourishing these requirements facilitates in figure up confidence, self-esteem and job gratification in employees (Nunn, 2000)

## **2.8 Work environment and employees' turnover intentions**

In the last few decades a large amount of effort has been expended in attempting to discover how to recruit and retain good employees and generate higher levels of job satisfaction. Research has shown that low levels of job satisfaction can have negative effects upon the way an individual carries out duties and their performance in the workplace. This is important in a government organizational setting as the levels of job satisfaction are directly correlated to the on-the-job officer performance (Hackman & Oldham, 1976). As cited by Christian Addai manu (2015) on his study, the nature of government work creates a challenging work environment and as such it is unsurprising that retaining officers over the longer term is of great importance to both government departments and policy makers. These work environments are strategically important and essential for a well-functioning society, this is primarily due to any inefficiencies in government operations can induce large negative externalities for society. Thus, the conditions of government employees are not only characterized as being both physically and emotionally demanding, but it is generally seen as one of the most stressful work

(Robertson & Cooper, 2004). Retention of experienced employees is vital for maximizing performance and successful outcomes, as it lowers the cost of training and recruitment.

A detailed general analysis of the determinants of employees quit intentions is missing, even though such a factor has been a sub-category of overall job satisfaction indices for some time (Caplan et al., 1980; Mowday et al., 1979). What are the advantages of focusing on employees intentions to leave and not just the actual quitting behavior? First of all, employers and supervisors should be interested in having a “sensor” or “indicator” that helps to predict whether or not their employees are seeking to quit. Second, the high turnover rates are connected with the heavy transaction costs of as losing human capital stock as well as hiring and training costs, which can have a large effect on organizational performance (Judge et al., 2001). It would appear that it is the nature of government work, with its high stress and fluctuation in demands that are the root cause of high turnover. For this reason employers should have a natural interest in determining the root causes of employees quitting intentions and the ability to identify employees who are considering quitting. From a policy and management perspective it is important to understand the incentive structure of current employees and not just those who have already left, as employers are still able to influence current employees’ decisions and attitudes about whether or not to quit their current jobs.

It is important to have a stronger focus on the impact of the working conditions and environmental aspects, which should include stressors, strains and traumatic events. Within this work we follow the O’Driscoll & Dewe (2001) definitions: stressors are characteristics of the work environment that cause strain and strains are the labels for the resulting physical or psychological impacts such as burnout or ill-health. In the traditional models of job satisfaction (Herzberg, 1968; Locke, 1976) the work environment was included as important factor determining of job satisfaction. From a theoretical and empirical perspective it is important to analyze the labor force where individuals have a similar job profile, as many of the potential unobserved factors are common across a large group of individuals reducing noise. It is well understood that government employees suffering from high levels of strain through performing work that is both physically and emotionally draining ( Gershon et al., 2009; Morash et al., 2006).



However, the nature of the job itself is also able to derive positive job satisfaction (Zhao et al., 1999) and by working in this particular job, intrinsic feelings can be generated that produce positive attitudes about that duty (Tietjen & Myers, 1998). This concept is supported by Lane (1998), who stresses that for “those seeking jobs, pay may be the most important consideration, but for the employed, the intrinsic feature of work not easily priced by the market, is more important” (Lane, 1998, p. 478). Griffeth et al. (2000) supports the notion of satisfaction beyond payday, by demonstrating that while pay is a significant factor in turnover rates, it only accounts for 6 percent of the variance, whereas distributive justice is significant and has an almost eight fold larger impact..

## **2.9 Empirical Study /Pervious studies**

In this part, the researcher tried to analyze and discuss different findings or studies regarding working environment and its influence on employee performance the case of HABESHA BREWERIES S.C. utility office. Ravi (2017), conducted a research on the impact of workplace environment on the health of leather factory employees in Sirpurm, India. The methodology they used is cross-sectional; descriptive study with one time interview and pretested questionnaires‘ from 230 employee who were working in different eight leather industries and cluster sampling methodology were used to collect data. Finally the result indicated that workplace environment have an effect on the health status of employees and require adequate measure to improve the facilities and there by the health status of employees.

Naharuddin & Sadegi (2013) has been done a research on factors of workplace environment that affect employees performance: study case of Miyazu Malaysia, data was collected through the survey and the result shows that physical work place environment are having significant relationship towards employees performance. Kithuka (2015) conducted research on the influence of work environment on factory employees’ performance: a case study of commercial factorys in Machakos town, findings showed that there is a positive relationship between workplace design that is suitable for employees work and the level of employee performance; work diversification is a vital tool in enhancing employee satisfaction in the organization. Nzewi et al (2018) conducted a research on the physical work environment and employee performance in selected Brewing firms in Anambra state, Nigeria. The finding of study revealed that there is a significant and positive relationship between physical work environment and employee

performance. Leblebici (2012) studied the on the impact of workplace quality on employee productivity a case study of a foreign private factory in Turkey. The result of the study showed that employees are inspired while working in a modernized office, well decorated and well-arranged and with good storage facilities.

Other research works have been specific on factors inherent in the workplace environment. For instance, Ali, Abdiaziz & Abdiqani (2013) investigated and found that working conditions was significantly related to employee productivities in manufacturing sectors. Christian Addai Manu (2015) studied on the effects of work environment on employees' productivity in government organizations. a case study of Obuasi Municipal Assembly-Ghana The result of the study indicated that social work environment and administrative work environment was statistically significant to the productivity of employees .This means that Social work environment & administrative environment as a subset of work environment of the organizations has great impact on the productivity of Obuasi Municipal Assembly employees. The relationship between social work environment and administrative environment with the productivity of OMA employees is strong (strong positive). On the other hand physical work environment statistically significant to the productivity of Obuasi Municipal Assembly employees at This means that physical work environment as a constituent of work environment of Obuasi Municipal Assembly has impact on the productivity of employees. But the relationship between physical work environments with employees' performance is not as such very strong (weak positive).

## **2.10. Conceptual Framework of the study**

The conceptual model formulates to show association of work environment and employee performance. In this study employee performance is the dependent variable while work environment dimensions such as physical work environment (workspace Layout, office furniture, Toilet & washing facilities and workload), Social work environment (motivations, Participative leadership style and organizational culture) and Administrative work environment (training, performance appraisal system and HR recruitment & selection practice) are independent variable. Onen & Oso (2009) note that an abstract framework could be delineate presentation of a theory which presented as a model once analysis variables and also the relationship between them are translated into a visible image for instance the inter connections between independent and

dependent variables. The subsequent figure illustrates the schematic conceptual framework for the independent and dependent variables

### **Independent variable**

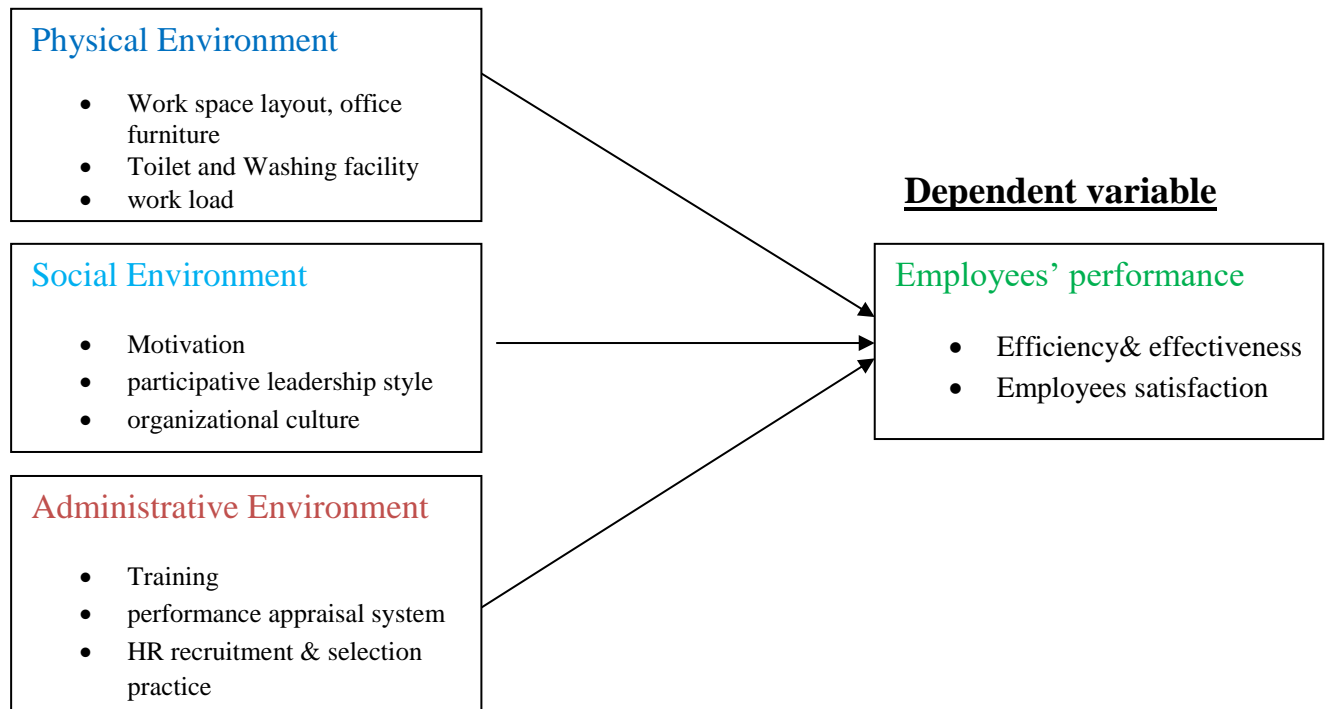


Figure 2.1; Conceptual framework of work environmental factors and employee performance.

(Source: Leblebici (2012) and Addai Manu (2015))

## **CHAPTER THREE**

### **3. RESEARCH METHODOLOGY**

#### **3.1. Introduction**

This section basically describes how the study was under taken, the data collection methods uses, and its analysis and presentation techniques. It is a very essential portion as it provides reasons to why a specific method of research, sampling technique, data collection and data analysis method is chosen; it also gives the design of the study, population, and validity and reliability test. Clearly speaking, this chapter is deals with research methodology, which are the master plan specifying methods and procedures for collecting and analyzing the collected data.

#### **3.2. Research Approach**

According to Creswell (2009), there are three basic research approach; quantitative, qualitative and mixed approach. Quantitative approach is an approach in which the researcher determines what to study asks the respondent close ended questions and gather numeric data from the respondent and analyze this numbers using statistics Creswell (2005). Quantitative research approach is considered to be very efficient for questions answered in number (Creswell, 2014). Moreover, the outcome of quantitative research is easy to measure and the results can be clearly shown through objective data. Therefore, the study used quantitative research approach to analyze data collecting from Habesha Breweries S.C. utility office employee by using close ended questionnaire.

#### **3.3. Research Design**

There are many definitions of research design but no one definition imparts the full range of its important aspects. There are five essentials of research design: an activity and time based plan, a plan always based on the research question, a guide for selecting sources and types of information, a framework for specifying the relationships among variables of the study and a procedural outline for every research activity (Cooper and Schindler, 2011).

The primary objective of this study is to insight the effects of work environment on employees' performance at Habesha Breweries S.C.. To achieve this objective, explanatory research design employed to explain effect of independent variables, (working environment dimension) on the

dependent variable (employee performance).The research is cross sectional type; in a sense that data collected at one point of time due to limit of time and cost.

### **3.4. Population of the Study**

The population of this study consisted of 273 employees who are working at Habesha Breweries S.C..

### **3.5. Sampling Techniques and Sample Size**

The researcher will be used simple random sampling technique to select samples from the total population, and distribute questionnaire and collected the required information from the samples determined. This technique was referred to assist in minimizing bias when dealing with the population. With this technique, the sampling frame was organized into relatively homogeneous groups (strata) before selecting elements for the sample. According to Janet (2006), this step increases the probability that the final sample will be representative in terms of the stratified groups. According to Catherine Dawson (2009), the correct sample size in a study is dependent on the nature of the population and the purpose of the study. Although there are no general rules, the sample size usually depends on the population to be sampled.

Sample size determined using the following formula ( Taro Yamane (1967)

$$n = N / 1 + N (e^2)$$

where as n= Sample size

N= the size of target population

e=the margin of error (5%)

$$n=273/1 +273(0.05)^2$$

$$n=273/1.6825$$

$$n=162$$

The sample size of this study is **162** employees

### **3.6. Types and Sources of Data**

The main emphasis of this research were to investigate the effects of work environment on employee performance of Habesha Breweries S.C.. The principal source of data for this study was primary. The primary source of data for this research obtained from permanent employees of the branches via self-administered questionnaire. Secondary data was gathered through from related books, journals, magazines, working papers, and previous reports.

### **3.7. Method of Data Collection**

#### **Questionnaire**

In order to gather data for this study, the researcher used a questionnaire as a method of data collection instrument. The questionnaire has two sections. With the first section contains background and demographic information of the respondent, and the second section contains information about work environment and employees performance.

The researcher used self-administered question to gather information about background and demographic information (regarding sex, age, experience, marital status, current position, educational level etc ) and to gather information regarding with workplace environment factors and employee performance. The measurement of employee performance developed by Hakala (2009) was adopted with slight modification. All the items, except background and demographic information, is measured in five point scale such as; strongly disagree(SD)=1 disagree(D) = 2; Neutral (N) = 3; Agree (A) = 4; Strongly agree (SA)=5. The use Likert scale is to make it easier for respondent to answer question.

### **3.8. Method of Data Analysis**

Data from questionnaires analyzed through both descriptive and inferential statistics using SPSS software version 25 (Statistical Package for Social Science). The descriptive statistics (frequency distribution, percentile, minimum, maximum, mean and standard deviation) which helped the researcher to examined the general level of job performance and the selected determinant factors of performance. This was the further transformation of the processed data to look for patterns and relationship between and/or among data groups by using descriptive and inferential (statistical) analysis. The SPSS used to analyze the data obtained from primary sources. Specifically, descriptive statistics (mean, standard and deviation) and inferential statistics (correlation and regression analysis) were employed in this study.

The regression equation of this study was generally built around two sets of variables, namely the dependent variable (employee performance) and the independent variables (physical, social and administrative). The basic objective of using regression equation on this study is to make the study more effective at describing, understanding and predicting the stated variables.

### **Regress Performance on Selected Variables**

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5$$

Where: Y is the dependent variable (employee performance)

X<sub>1</sub> is physical work environment

X<sub>2</sub> is social work environment

X<sub>3</sub> is administrative work environment

β<sub>0</sub> is the constant term.

β<sub>1</sub>, β<sub>2</sub>, β<sub>3</sub> are the coefficients associated with each independent variable.

### **3.9 Reliability and validity**

#### **Reliability**

According to Kothari (2004), a measuring instrument is reliable if it provides consistent results. Cronbach's alpha is a coefficient of reliability. It is commonly used as a measure of the internal consistency or reliability of a psychometric test score for a sample of examinees. For testing the reliability of the data instrument, Cronbach's Alpha was calculated to test the reliability of the research instrument. According to Zikmund, Babin and Griffin (2010) scales with coefficient alpha between 0.8 and 0.95 are considered to have very good quality, scales with coefficient alpha between 0.7 and 0.8 are considered to have good reliability, and coefficient alpha between 0.6 and 0.7 indicates fair reliability. Thus, the overall reliability test of the will be conducted.

**Table 1. Reliability Statistics Result of the Study**

Se. No	Variables	Number of Items	Cronbach's Alpha
1	Physical work environment	9	0.665
2	Social work environment	18	0.862
3	Administrative work environment	14	0.822
4	Employees performance	11	0.839
	Total	52	0.914

Source:-survey data (2024) SPSS out put

Thus, the overall reliability test of the study shows that as it has very good quality with reliability measure scale of 0.914.

### **Validity**

Content validity involves the degree to which the study is measuring what it is supposed to measure. More simply, it focuses on the accuracy of the measurement (John et.al, 2007). All measures used to construct the instruments have shown acceptable level of construct and content validity in previous studies and are used in this study with slight modification. The questioners are adapted from different journal of related research title. And sample questionnaires was given to experts before distributing the final and adjustments were made to the questionnaire items based on the comments of the respondents. Additionally, several measures were employed to ensure that the results are free from material errors from the design of the questionnaire. Such measures are clarity of instructions, clarity of the questions, the layout of the questionnaire and other comments.



## CHAPTER FOUR

### 4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### 4.1 INTRODUCTION

In this chapter, data gathered through questionnaire are presented, analyzed and interpreted using descriptive and inferential statistics data analysis method with the help of Statistical Package for Social Science (SPSS) version 25. To collect relevant data, 162 questionnaires were distributed to employees of Habesha Breweries S.C.. Among the questionnaires distributed to employees (162 questionnaires), the researcher collected 143 properly filled questionnaires in which the response rate is 88 percent. Nineteen (19) questionnaires missed and some of them were incomplete. Thus, 88% was good enough for the researcher to continue with the analysis of the data. Hence, the researcher produced the following analyses.

#### 4.2. Descriptive Statistics of Respondents

##### 4.2.1 Background Information of the respondents

The demographic characteristic of the respondents consists of six items. It covers the personal data of respondents, such as gender, age, educational qualification, marital status, year of service and current job position. The following tables, graphs and figures depicted each demographic characteristic of the respondents.

##### Gender

**Table 2. Gender of Respondents**

Gender	Frequency	Percent
Male	76	53.15
Female	67	46.85
Total	143	100

Source- (survey data, 2024)

As indicated in the above table 2, out of the 143 respondents the gender distribution of the participants indicates that 76(53.15%) are males whereas 67(46.85%) are females. This implies that majority of the respondents are males.

**Table 3. Age category of the respondents**

		Frequency	Percent
	18-25 years	35	24.5
	26-33 years	78	54.5
	34-41 years	25	17.5
	42-50 years	4	2.8
	above 51 years	1	.7
	Total	143	100.0

Source- (survey data, 2024)

The sample population age distribution of the respondents indicated that 35 (24.5%) respondents found in the age of 18-25 years, 78 (54.50%) which is the highest age group was 26-33years, 25(17.50%) falls under the categories between 34-41 years, 4(2.80%) at the age of 42-50 years old and 1(.7 %) above 51 years old. The data showed that the majority of employees working in the factor are in their most productive age group. Such employees are likely to perform better at their job.

**Table 4. Marital Status of respondents**

		Frequency	Percent
	Single	82	57.3
	Married	56	39.2
	Divorced	5	3.5
	Total	143	100.0

Source- (survey data, 2024)

As revealed in above table -4, regarding to marital status of the respondents, from total respondents 82(57.3%) of the respondents are single, 56 (39.2%) of the respondents are married and 5 (3.5%) of the respondents are divorced.

**Table 5. Educational level of respondents**

		Frequency	Percent
	Below 10/12 grade	2	1.4
	10/12 grade completed	13	9.1
	Diploma	12	8.4
	1st Degree	108	75.5
	Master's Degree	8	5.6
	Total	143	100.0

Source- (survey data, 2024)

As far as the compositions of educational level concerned, it can be seen from table 5 which respondents hold a range of educational qualification from below 10/12 grade certificate to master's degree. Most of the sample group holds a first degree which accounted 108 (75.50%), 13 (9.10%) were 10/12 grade completed, 12 (8.40 %) were diploma holders, 8 (5.6 %) master's degree and the rest 2 (1.4%) below 10/12 grade. Since the majority of the respondents were educated, it can be concluded that almost all employees are capable of using new technology, realizing and doing the objectives of the factory in a better way.

**Table 6. Work experience of respondents**

		Frequency	Percent
	1-5 years	82	57.3
	6-10 years	40	28.0
	11-15 years	16	11.2
	16-20 years	2	1.4
	More than 21 years	3	2.1
	Total	143	100.0

Source- (survey data, 2024)

Regarding the respondents work experience in the factory the following table 6 shows that 82(57.30%) lie under 1-5 years, 40(28%) respondents under 6-10 years, 16(11.2%) under 11-15 years and 2(1.4%) respondents under the category of 16-20 years while the remaining 3(2.1%) respondents are above 21 years' experience.

**Table 7. Current positions of respondents**

		Frequency	Percent
	Managers	5	3.5
	Front /desk worker	15	10.5
	Accountant	11	7.7
	Sales	26	18.2
	Officer/Professionals	20	14.0
	Junior officer/professionals	37	25.9
	Nonprofessionals	29	20.28
	Total	143	100.0

Source- (survey data, 2024)

Concerning the job of the employees, majority of respondents which accounted 37(25.9%) were junior officers ( job grade 6),and the second highest respondents fall on Nonprofessionals staffs such as Clerks, Guard, Messenger, Cash collectors, Cashier, Secretary, Janitor etc. which covers a total of 29(20.28%), and the remaining 26( 18.20%) were Senior officer, 20(14%) Officers, 15(10.50%) Team coordinators (members of lower level management), 11(7.7%) Leader expert and 5(3.5%) Work process coordinators who are members of middle level management. This data indicated that almost all employees were involved in the study, and this might give full representations and good result of the study.

### **4.3 Descriptive Statistics of the variables**

In this section, various statistical data analysis tools such as mean, standard deviation, and frequency, and percentile, minimum and maximum value were used to analyze the collected data. The summary of descriptive statistics of all variables that are evaluated based on a 5-point Likert scale (“1” being “strongly disagreed” to “5” being “strongly agreed”).

According to Zaidaton & Bagheri (2009) the mean score below 3.39 was considered as low, the mean score from 3.40 up to 3.79 was considered as moderate and mean score above 3.8 was considers as high as illustrated by Comparison bases of mean of score of five-point Likert scale instrument. Thus, detail of the analysis is presented as follows

#### 4.3.1 The effects of Physical work Environment of the organization on employees performance

**Table 8. Employees response on physical work environment**

Item	Mean	St.De.	Mini	Max
Q1	2.98	1.172	1	5
Q2	2.98	1.319	1	5
Q3	3.28	1.236	1	5
Q4	2.53	1.255	1	5
Q5	2.89	1.199	1	5
Q6	1.91	1.186	1	5
Q7	3.14	1.160	1	5
Q8	3.61	1.210	1	5
Q9	2.80	1.246	1	5
Overall Average mean of physical work environment is 2.90, Sd=1.2203				

Source- (survey data, 2024)

The above table 8 shows summary of the details for the issue related to physical work environmental factors by involving the number of respondents means, standard deviations, minimum and maximum values in each category. The mean is the average value of participants 'response and standard deviations is the measure of dispersion from the mean. Here, the minimum value is to mean "strongly disagree (1)" whereas the maximum value is to mean "strongly agree (5)". Accordingly, the overall average mean score of the respondents physical work environment is 2.90 which can be considered as low mean score. This result shows us most of the respondents have low level of preferences for physical work environment by which the average result is below the average level of preference which approximates to disagree level. From this it can be conclude that most respondents of the factory has not good attitude towards the prevailing physical work environment i.e. physical work environment is not conducive to perform their job as well, toilet and washing rooms are not always clean and comfortable, lack of adequate facilities, they are not satisfied with seating arrangement (work space layout) of chair, table, file cabinet, e.t.c, and there

is overcrowding in the work place, they are not comfort with over all physical surroundings of their work place.

Similarly, different researcher implied that well designed office layout impressions suggest that certain dimension serves a symbolic function by connoting meanings and images about organizations and further how their employees are to be engaged (Challenger, 2000). Based on these affordances, it is suggested that employees will tend to identify more with these features which enhance performance. Informal seating arrangements, such as chairs placed at a right angle facilitate social interaction, whereas formal seating arrangements, such as chairs placed back-to-back discourage social interaction (Doman, 2008).

Research done by Brill (1992), office layout shows an increase in employees' performance up to 19% for employees and 17% for managers which is a very significant rise in productivity. Another research done by Gensler back in 2006 on 2000 office employees reveals 90% of them believes that better layout and design of workspace results in better performance. These results show the importance of workspace layout as claimed earlier that it is the main contributor to design group. Another study conducted Naharuddin and Sadegi (2013), also shows that design gives a positive effect to performance. These designs are not limited and consist of machine design, job design as well as facility design. Physical work environment definitely contributes towards the success of the business which is better performance of an employee that leads to outstanding performance of the organization itself. Proper workspace with suitable furniture and furnishing should be provided by the employer and it is their responsibility to ensure all employees are not exposed to any hazard and would not have any type of injury due to occupational hazard. These will only lead to discomfort and lack of productivity in the workplace because employees would feel difficult to work (Chandrasekar, 2011).

#### 4.3.2. The effects of Social Work environment of the organization on employee's performance

**Table 9. Employees' response to social work environment**

Item	Mean	St.Dev.	Min	Max
Q1	2.07	1.231	1	5
Q2	2.48	1.238	1	5
Q3	4.03	0.907	1	5
Q4	2.73	1.222	1	5
Q5	3.08	1.178	1	5
Q6	2.78	1.268	1	5
Q7	2.59	1.188	1	5
Q8	3.09	1.227	1	5
Q9	2.43	1.178	1	5
Q10	2.80	1.172	1	5
Q11	3.39	1.035	1	5
Q12	3.22	1.120	1	5
Q13	3.51	1.204	1	5
Q14	3.13	1.152	1	5
Q15	3.48	0.970	1	5
Q16	3.05	1.269	1	5
Q17	4.09	.926	1	5
Q18	2.20	1.115	1	5
Overall average mean score of social work environment is 3.01, S. dev.=1.1444				

Source- (survey data, 2024)

The above table 9 shows that the average mean score of social work environment (which consists of motivation, participative leadership style and organizational culture) practice are 3.01 which can be considered as low mean score, which means most of the respondents have provided below average level of preference for social work environment by which the average result approximates to disagree level. From this the researcher can conclude that employees have not good relationship with management, they are not satisfied with their salary, they feel the benefit package are not satisfied as compared as they are doing, recognition and promotions practices are not fair, employees have not getting enough support at work place to balance with their families, they are not satisfied with current leadership style, not treated as well as they are expected, the bases of different payment system are not reasonable, equitable and fair, leaders haven't provided fast decision in the area of their authority and responsibility this implies that there is weak leadership style, some respondents are also dissatisfied with the assignment or placements of the factory leaders especially work process owners, deputy and principal managers they said they are not assigned on merit base.

In the current study, the researcher also views organizational culture as shared values, beliefs and norms that influence the way employees think, feel and behave in the workplace and also assumes that a positive organizational culture will enhance employees' performance as values shared by employees in the organization. Several academics and practitioners (Kotter and Heskett, 1992), cited in Agwu (2014), argue that the performance of an organization depends on the degree to which the values of its employees are widely shared. Similarly, it is generally argued that shared and strongly held values enable management to predict employees' reactions to certain strategic options and reducing these values may bring undesirable consequences (Ogbonna, 1993). Aluko (2003) asserts that organizational culture is divided into two major aspects material and nonmaterial cultures. The material aspects of culture include products of industry, technology, art, and are directly observable. The non-material aspects of culture consist of the knowledge, philosophy, morals, languages, motivation, attitudes, values, and norms shared and transmitted in a society. They are not visible or tangible, but they are manifested through the psychological states and behavior of the people.



Shazad et al (2013) assert that a strong culture within the organization leads to raise the employees' work environment towards achieving the goals of the organization on a common path because it is very helpful to increase the performance of the employees. They also contend that personal beliefs are different from the organizational values when an employee is entering in the organization, whereas in a strong culture, employees are on the common path towards achieving organizational goals, which provide the opportunity to the employees to grow and perform well in the organization.

#### **4.3.3 The effects of Administrative Work environment of the organization on employees performance**

**Table 10. Employees' response to Administrative work environment**

<b>Item</b>	<b>Mean</b>	<b>St.Dev</b>	<b>Mini</b>	<b>Maxi</b>
Q1	2.33	1.040	1	5
Q2	2.34	1.075	1	5
Q3	2.71	1.136	1	5
Q4	2.60	1.095	1	5
Q5	2.20	0.900	1	5
Q6	3.87	0.966	1	5
Q7	2.65	1.096	1	5
Q8	3.04	1.093	1	5
Q9	3.29	1.136	1	5
Q10	2.99	1.187	1	5
Q11	2.66	1.087	1	5
Q12	2.92	1.110	1	5
Q13	2.72	1.031	1	5
Q14	2.76	1.192	1	5
Overall average scores of administrative work environment 2.79, Sd.=1.0817				

Source- (survey data, 2024)

The above table 10 shows summary of the details for the issues related to administrative work environment( training, performance appraisal system and HR recruitment and selection practice) by which the overall mean average score is 2.79. Accordingly, most of the respondents dissatisfied with the training practice I.e. there is no need assessment( identifications of performance & skill gap) conducted in the factory, the training given to employees is not related with their job, insufficient training, appraisal system is not comprehensive to all, employees performance is not properly evaluated based on tangible job related facts, the appraisal system are not clear, transparent which means lack of awareness, on the other hand employees and management are not gave due attention about the performance appraisal duties, incompetent employees are not identified and provide necessary support, there is no follow up and no continuous evaluation after training, human resource recruitment and selections are not managed by human resource planning, this shows us without having enough work, excess manpower existed/hired/ in the factory, the HR work process doesn't follow policy and procedures to attract top talent employees. Still employees have dissatisfied about job aid tools where the factory are not provided job aid materials such as job description, guidance, checklist, e.t.c to employees where employees can learn on their job by themselves. Thus, the result shows us most of the respondents have provided below average level of preference for administrative work environment by which the average result approximates to disagree level.

Similarly, Simegn Zena,(2019) in his study on factors affecting employees' job performance at commercial factory of Ethiopia Addis Ababa area branches. The finding of the study shown that Performance appraisal system and employee job performance are positively related to each other. At the same time, performance appraisal system has a significant positive effect on employees' performance. As a result, improvement in performance appraisal system can bring about improvement on employee performance.

#### 4.3.4 Employees Job performance

**Table 11. Employees' Response to Job Performance**

Item	Mean	St.Dev	Min	Max
Q1	4.04	0.871	1	5
Q2	4.05	0.725	1	5
Q3	3.87	0.882	1	5
Q4	1.92	1.088	1	5
Q5	3.28	1.051	1	5
Q6	3.97	0.822	1	5
Q7	3.64	0.908	1	5
Q8	2.50	1.210	1	5
Q9	3.80	0.877	1	5
Q10	4.15	0.919	1	5
Q11	2.99	1.499	1	5
Overall average score of employees' performance 3.47Sd.Dev.=0.986				

**Source- (survey data, 2024)**

Furthermore, that above table 11 indicated that the mean value of employees job performance is 3.47 which show employees have average level of job performance because the mean value is considered as moderate. As the majority of respondents noted in this study employees perform their task following the rules, regulations, policies, procedures, guidance e.t.c, of the factory, use resources efficiently, perform their work with speedy, accurately, and completed within the time allocated, they effectively communicate, cooperate and work with employees and customers, they are happy on their job as within their line of interest, skills, knowledge and attitudes, most respondents noted that their performance continually improving, they have worked over time to complete their tasks, But, still some respondents are not satisfied with their job which means the job as they assigned are not related with their skill, knowledge interest and attitude of employees, there is also problems related customer follow up.

## **4.4 Inferential Statistics**

In this section the result of inferential statistics employed in the study supported on Pearson correlation coefficient and multiple regressions were elaborated.

### **4.4.1 Correlation Analysis**

Correlation describes the strength of association between variables. According to Brooks (2008), correlation analysis measures the degree of linear association between dependent and independent variable. The value of correlation coefficient ranges from -1 to 1. A correlation coefficient of 1 indicates that there is perfect positive relationship between two variables; while -1 indicates that there is perfect negative relationship between two variables. On the other hand, a correlation coefficient of zero indicates no relationship between variables.

According to A. Williams and M. Khata Jabor, (2011), a value of correlation coefficient between 0.01 and 0.09 indicates the association among the items is negligible. A correlation coefficient between 0.10 and 0.29 is low association. A correlation coefficient between 0.30 and 0.49 is moderate. A correlation coefficient between 0.50 and 0.69 is substantial association and a correlation coefficient greater than 0.7 implies very strong relationship between two variables. Based on this as noted by Gujarati, 2004, most generally used bi-variant correlation coefficient, normally known as Pearson correlation were utilized in order to find out the relationship between work environment dimensions and employees performance. Table below 4.12 presents the result of Pearson correlation between variables.

**Table 12. The relationship between work environment and employees performance**

<b>Correlations</b>					
		Physical work environment	Social work environment	Administrative work environment	employees performance
	Pearson Correlation	1	.498**	.404**	.344**
	Sig. (2-tailed)		.000	.000	.000
	N	143	143	143	143
	Pearson Correlation	.498**	1	.614**	.348**
	Sig. (2-tailed)	.000		.000	.000
	N	143	143	143	143
	Pearson Correlation	.404**	.614**	1	.417**
	Sig. (2-tailed)	.000	.000		.000
	N	143	143	143	143
	Pearson Correlation	.344**	.348**	.417**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	143	143	143	143
**. Correlation is significant at the 0.01 level (2-tailed).					

**Source- (survey data, 2024)**

As indicated in the above table 12, there is significant positive correlation between physical work environment and employees performance with a correlation coefficient  $r=.344$  and sig. (2-tailed)

is .000, which is  $<.05$ . Therefore, there is moderate and statistically significant relationship at 5% significance level. Social work environment is a moderate positive relation related to employees performances with a Pearson correlation coefficient  $r=.348$  and sig. (2-tailed) is .000, which is  $<.05$ . Therefore there is moderate and statistically significant relationship at 5% significance level. The correlation coefficient of administrative work environment and employees performance is also  $r=.417$  and sign. (2-tailed) .000, this implies moderate, positive and statistically significant relationship at 5% significance level.

Thus, we can conclude from the correlation results any corresponding change in the independent variables such as increase or improvement in physical work environment, social work environment and administrative work environment will have a positive and moderate relative impact on the dependent variable i.e. employees performance.

#### **4.4.2. Regression analysis**

Regression analysis is a systematic method that can be used to investigate the effect of one or more predictor variables on dependent variable. Consequently, it helps us to make statements about how one or more independent variables will predict the value of a dependent variable.

##### **4.4.2.1 Assumption Testing for Regression Analysis**

###### **4.4.2.1.1 Normality**

In order to examine normality one has to measure each variable's skewness, which looks at lack of symmetry of distribution, and kurtosis, which looks at whether data collected, are peak or flat with relation to normal distribution (Marczyk *et al.*, 2005). Table 13 below describes the level of skewness and kurtosis for the four constructs, which constitute 29 items. The general rule-of-thumb for test of normality varies depending on the nature of the research. The common one mostly suggested mentioned in literature for both kurtosis and Skewness to be between -2 and +2 (George & Mallery, 2010). As indicated in the table below, skewness and kurtosis measures for this study are well within that range between -1 and +1 values. Therefore, the data for this study is normally distributed.

**Table 13: Normality test of Skewness and Kurtosis**

<b>No</b>	<b>Constructs</b>	<b>Skewness</b>	<b>Kurtosis</b>
1	Physical work environment	-.432	1.173
2	Social work environment	-1.163	1.948
3	Administrative work environment	-.729	-.193
4	Employee work performance	-1.168	1.149

**Source:** Outputs from SPSS, 2024

#### 4.4.2.1.2 Multi-Collinearity Analysis

Before running regression, one should check for the problem of multi-Collinearity which is present if there is high correlation between some of the independent variables. The study checks this with the variance Inflation Factor (VIF) which calculates the influence of correlation among the independent variables on the precision of regression estimates. The VIF should not exceed 10. If variance Inflation Factor (VIF) value is less than 0.1 it indicates that there is possibility of multi-Collinearity, but if it is greater than 0.1 it means that there is no multi-Collinearity problem with in the model(Hair et al., 2004).

**Table 14: Multi-Collinearity Statistics**

<b>Independent Variables</b>	<b>Collinearity Statistics</b>	
	<b>Tolerance</b>	<b>VIF</b>
Physical work environment	.561	1.784
Social work environment	.715	1.398
Administrative work environment	.685	1.460

**Source:** - Outputs from SPSS, 2024

As revealed in table 14, tolerance value for all variables are greater .1 this indicates the absence of multi-collinearity between variables. The other value given is VIF (Variance Inflation Factor) which is just the inverse of the tolerance value (1 divided by tolerance). VIF value above 10 would be a concern here, indicating multi-collinearity but all the values are below 10 so there is no concern for multi-collinearity between the three independent variables.

#### **4.4.2.1.2 Homoscedasticity**

Homoscedasticity is an assumption in regression analysis that the residuals at each level of the predictor variables(s) have similar variances or the spreads should be constant. This just means that the residuals at each level of the predictor(s) should have the same variance (Homoscedasticity). When the variances are very unequal there is said to be Heteroscedasticity.

#### **4.4.2.2 Linear Regression Analysis**

Linear regression analysis is used to measure the statistical significance of the effect of each individual independent variable on the dependent variable through F and P value. This measurement is made by inferring the value of  $R^2$  to explain the magnitude of the effect of the independent variable on the dependent variable. Here below depicted and explained are the linear regression of various independent variables and dependent variable.



## I. Physical work environment and employees performance

**Table 15. ANOVA regression for physical work environment and employees performance**

ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	6.547	1	6.547	18.948	.000 <sup>b</sup>
	Residual	48.723	141	.346		
	Total	55.270	142			
a. Dependent Variable: Employee performance						
b. Predictors: (Constant), Physical work environment						

Source- (survey data, 2024)

Based on the above table 15, the relationship between physical work environment and employees performance is significant ( $P < 0.01$ ), F value ( $F = 18.968$ ) which is the ratio of variance between groups and variance within groups, is well above 1 (if F value is close to 1, it implies that the null hypothesis is accepted). As a result, the null hypothesis ( $H_0$ ) which states that physical work environment has no effect on employees performance is rejected.

## II. Social work environment and employees performance

**Table 16. ANOVA regression analysis for Social work environment and employees performance**

ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	6.680	1	6.680	19.386	.000 <sup>b</sup>
	Residual	48.590	141	.345		
	Total	55.270	142			

a. Dependent Variable: employees performance

b. Predictors: (Constant), Social work environment

Source- (survey data, 2024)

As can be observed from the above table the result of  $F = 19.386$  which is greater than 1 and  $P < 0.01$ . It can be concluded that social work environment has positive effect on employees performance which is statistically significant and confident at 99% level of significance. Hence, the null

hypothesis (Ho) which states that social work environment has no effect on employees performance is rejected.

### III. Administrative work environment and employees performance

**Table 17. ANOVA regression for administrative work environment and employees performance**

**ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	9.609	1	9.609	29.672	.000 <sup>b</sup>
	Residual	45.661	141	.324		
	Total	55.270	142			

a. Dependent Variable: employees performance

b. Predictors: (Constant), Administrative work environment

Source- (survey data, 2024)

As can be observed from the above table the result  $F = 29.672$  which is greater than 1 and  $P < 0.01$ . It can be concluded that administrative work environment has positive effect on employees performance which is statistically significant and confident at 99% level of significance. Hence, the null hypothesis (Ho) which states that administrative work environment has no effect on employees performance is rejected.

#### 4.4.2.3 Multiple Linear Regression Analysis

Regression analysis is a systematic method that can be used to investigate the effect of one or more predictor variables on dependent variable. That is, it allows us to make statements about how well one or more independent variables will predict the value of a dependent variable. Specifically this multiple regression was conducted in order to investigate the effect overall bundle of selected factors on employees performance.

#### 4.4.3 Analysis of Variance (ANOVA)

Analysis of variance was also done to establish the overall significance of the model. ANOVA also tells whether the overall effect of the three independent variables on employees performance is significant. As depicted in table below, at 95% confidence interval, significant P-value of .000

and F-value of 12.585 was recorded. This implies the regression model is a suitable prediction for explaining the effect of work environment on employee performance in the factory.

**Table 18. ANOVA <sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	11.806	3	3.935	12.585	.000 <sup>b</sup>
	Residual	43.465	139	.313		
	Total	55.270	142			

a. Dependent Variable: employee performance

b. Predictors: (Constant), Administrative work environment, Physical work environment, Social work environment

Source- (survey data, 2024)

#### Result of Multiple Regression Analysis

The table below depicts, the result of regression model that examine the effect of explanatory variables on work performance. Hence, employee performance is explained variable where as physical work environment, social work environment and administrative work environment are explanatory variable.

**Table 19. Coefficient and results of multiple regression analysis**

#### Coefficients <sup>a</sup>

		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
	(Constant)	1.856	.272		6.817	.000
	Physical work environment	.185	.086	.189	2.154	.000
	Social work environment	.071	.101	.071	.703	.000
	Administrative work environment	.311	.101	.297	3.085	.002

a. Dependent Variable: employee performance

Source- (survey data, 2024)

**Table 20. Model Summary**

<b>Model Summary</b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.462 <sup>a</sup>	.214	.197	.55919

a. Predictors: (Constant), Administrative work environment, Physical work environment, Social work environment

Source- (survey data, 2024)

#### **4.4.4. Interpretation of R-square and Adjusted R-square**

R-square- is a statistical measure that tells the proportion of the variance for a dependent variable that's explained by an independent variable or variables included in regression model.  $R^2$ -also explains to what extent the variance of one variable explains the variance of other variable.  $R^2$  squared value range from 0 to 1 and commonly stated as a percentage from 0% to 100%. An R square of 100% indicates that, dependent variable is completely explained by independent variable of the model. 0% shows the model explains none of the variability of the response data around its mean. The value of R-square in this study was found to be 0.214. This indicates that, 21.40% of variation in employee performance is explained by selected explanatory variables and other factors captured by the constant.

According to Brooks (2008), R-square has some problems; the first one is when we add predictor variables in the model, every time, even if it's irrelevant R-square never decreases. Consequently, a model with more variable may appear to have high R-square. Second, if the model rearranged and the dependent variable changes, R-square will change in order to get around these problems, a modification is often made that takes in to account the loss of degree of freedom associated with adding extra variables, this is known as adjusted R-square. Adjusted R square is a modified version of R-squared that has been adjusted for the number of predictor in the model. Therefore, adjusted R-square compares the explanatory power of regression models that contain different number of predictors. The value of adjusted R-square in this study found to be .197%. This implies that, 19.70% of changes that occur in work performance are attributable to independent variables. The other factors that were not included in the model but could help in explaining employee performance account the remaining 80.30%.

#### 4.4.5 Interpretation of Regression Analysis and Hypothesis Testing

In this part of the study the relationship between the dependent variable and independent variable were discussed. The dependent variable was employee performance where as independent variables were physical work environment, social work environment and administrative work environment.

In regression output, the unstandardized coefficients of determination were used to replace the unknown beta value of the regression model. Beta indicates that the level of influence of each predictor variable on dependent variable: as well it indicates the direction of relationship. Positive beta coefficient indicates the variable has positive effect on dependent variable whereas negative beta coefficient the variable has negative effect on dependent variable and it tells us on average when mean score value of independent variable increase by one unit mean score value of dependent variable increase or decrease by beta amount if the variable is statistically significant.

The significance value (p-value) implies the statistical significance of the relationship. The constant term of the model indicates the value of employees performance if all explanatory variables held constant. The coefficient of regression analysis indicates all independent variables i.e. physical work environment, social work environment and administrative work environment shown positive effect and statistically significant at 5% significance level.

The basic objective of using regression equation on this study is to make the researcher more effective at describing, understanding, predicting, and controlling the stated variable (Faizal and palil, 2015).

Mathematically,  $Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3$

Where Y is the dependent variable- employees performance,  $X_1$ =Physical work environment,  $X_2$  = social work environment,  $X_3$ = administrative work environment are the independent variables;  $\beta_0$  is the intercept term- it gives the mean or average effect on Y of all the variables excluded from the equation, although its mechanical interpretation is the average value of Y when the stated independent variables are set equal to zero.  $\beta_1$ ,  $\beta_2$ , and  $\beta_3$  are also refer to the coefficient of their respective independent variables which measure the change in the mean value of Y, per unit change in their respective independent variables. Hence, the mathematical formula of multiple regression equation.

$$y = 1.856 + 0.185X_1 + 0.071X_2 + 0.311X_3$$

$$\text{Employee performance} = 1.856 + 0.185 \text{ Physical work environment (sign. at .000)} + 0.071 \text{ Social work environment (sign. at .000)} + 0.311 \text{ Administrative work environment (sign. at .002)}$$

Consequently, all hypotheses were failed to reject, or the null hypothesis has been rejected. Thus, three independent variables have positive relationship and effect on employees job performance. Thus, a positive change in one or all of the variables brings about an improvement in employees performance in particular and organizational achievement in general.

As it Collinearity (or multi-collinearity) is the undesirable situation where the correlations among the independent variables are strong. Tolerance is a statistic used to determine how much the independent variable are linearly related to one another. Further, Tolerance is an indicator of how much of the variability of the specified independent is not explained by the other independent variables in the model. If this value is very small (less than .10), it indicates that the multiple correlation with other variables is high, suggesting the possibility of multi-collinearity. As it can be observed from the summery table the tolerance value for all variables is greater .1 this indicates the absence of multi-collinearity b/n variables. The other value given is the VIF (Variance inflation factor), which is just the inverse of the Tolerance value (1 divided by Tolerance). VIF values above 10 would be a concern here, indicating multi-collinearity but all the values are below 10 so there is no concern for multi-collinearity.

## **CHAPTER FIVE**

### **5. SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1. Introduction**

This chapter presents the summary of the result, and the findings based on the analysis conducted throughout the entire study. This research work has attempted to study the effect of work environment on employee performance at Habesha Breweries S.C... Hence, based on the data discussions, analysis and interpretation the following summary of major findings, conclusion and recommendations are presented here under.

#### **5.2. Summary of Major Findings**

The major objective of the study was to assess the effect of work environment on employee performance. The study was conducted using self-administered questionnaires to the target population of 273 employees: out of 162 sampled employees 143 of them responded properly. Furthermore, the research is analyzed by using statistical package for social science version 25. The descriptive statistics of the variables revealed that, most of the employees are disagreed with Physical work environment with a cumulative mean value of 2.90 and standard deviation of 1.2203 which can be considered as low mean score, which means most of the respondents have provided below average level of preference for administrative work environment by which the average result approximates to disagree.

- Social work environment with the average mean value of 3.01 and a standard deviation of 1.1444 which means most of the respondents have provided below average level of preference for social work environment by which the average result approximates to disagree level.
- Concerning administrative work environment most of respondents are also disagreed with administrative work environment with the cumulative mean score value of 2.79 and a standard deviation of 1.0817, which can be considered as low mean score, which means most of the respondents have provided below average level of preference for social work environment by which the average result approximates to disagree level.

- On the other hand, employees performance with a cumulative mean and standard deviation is (3.47 and 0.986) respectively, which shows employees performance in the Habesha Breweries S.C. factory is at moderate level.
- Pearson product moment correlation coefficient results showed a significant moderate positive relationship between physical work environment, social work environment and administrative work environment with employee performance. The finding further revealed that all the three variables have moderate relationship with employees performance.
- The model summary of multiple regression revealed that 19.70% of the variation in employee performance is explained by three factors of work environment included in the study. The remaining 80.30% is explained by other variable that is not included in the model. The ANOVA table also revealed that, the constructed model is statistically significant even at 1% significance level. The beta coefficient table also indicates that administrative work environment has high impact on employees performance with a beta value of (.311), followed by physical work environment (.185), and social work environment (.071).
- Moreover, from the finding of this study, regression coefficient table indicate that all the three variables has positive and significant impact on employee performance.



### 5.3. Conclusions

The study, after doing different analyses that the research objectives need, arrived and based on the major findings, the following conclusions were made:

- The regression output revealed that Physical work environment has positive and statistically significant impact on employee performance. The correlation analysis also confirmed positive and significant relationship. From this it can concluded that as suitability or improvement of physical work environment such as proper seating arrangement of chair, table, file cabinet, availability of clean toilet and washing rooms, sufficient work space(room), availability of office furniture and facilities, e.t.c which leads to correspondent incremental on employee performance.
- The coefficient of social work environment (participative leadership style, motivation and organizational culture) variable in the model is positive and statistically significant at 5% significance level. Correlation analysis also reveals that, there is significant and positive relationship between social work environment and work performance. Thus, an increase or improve the motivation package such as salary, allowances, over time, provide protection and security programs for employees working in the risky positions, promotion and recognitions, participative leadership style and organization culture result in dramatically increased employee performance.
- Regarding administrative work environment (training, performance appraisal system and HR recruitment and selection practice) the coefficient table showed that, the performance of employees increase when administrative work environment improves. Thus, administrative work environment has positive and statistically significant effect at 5% significance level. Correlation analysis also revealed positive and significant relationship. Specially with a good recruitment, it will pull in more qualified employee so the performance will also be safer. HR recruitment and selection practice too tends to have increased performance because especially, recruitment is more considered in order of new employees are placed in divisions according to ability and skill of the person, so the employee can show a good performance at work.

## 5.4. Recommendations

On the basis of the above summary of finding and conclusions of the study, the following recommendations are forwarded to the factory.

- According to Paul et al, 2005 design of the workplace, office furniture and physical lay out that minimizes discomfort, easily accessible & safe to carry out a task and increases 23% performance of employees. Therefore, its recommended that physical work environment specially the work place layout such as seating arrangement of chair, table, file cabinet e.t.c should be suitable and arrange in a proper way, there must have well clean and comfortable toilet and washing room, the factory should also avoid overcrowding in the work place, this allows free movement of both employees and materials as well as enhances effective operational process, and prevent employees form transmitted disease.
- Transparency builds trust, and makes employee feel that they are working for a company with higher ethical standards. When transparency is added to the corporate culture, employee will be more engaged and committed to the vision of the company. When there is not transparency between employees and supervisors, employees are difficult to place trust in their company and their performance will be diminished. In order to the employees trust their company, supervisors should have transparent to their employees by sharing the result, participating employees in decision making process, and encouraged face to face communication.
- Promotion and reward helps to keep employees happy, loyal to the company and eager move up to the ladder. The company promotion and rewards are not handled by fairly employees complains happened and they are demoralized. To overcome these problems the company should have transparent and accountable reward and promotion guidelines.
- Since improving working conditions such improvement of safety at work, training of workers, control and improvement of machinery and tools, and to provide adequate protective equipment found to increase the performance of employees. The human resource of Habesha Breweries S.C.. is highly recommended to work towards enabling workers to become equally satisfied with working conditions such as creating comfortable physical working environment, providing rewards for best performance, scheduling for training and development opportunities shall consider the employees and the factory's common interest for the benefit of both.

- Furthermore, performance appraisal process needs to be open to employees and need to have a say on it. Therefore, management should give due attention to performance management.
- HR Recruitment and selections have positive and statistically significant relationship with employee performance. Recruitment is more considered in order of new employees are placed in divisions according to ability and skill of the person, so the employee can show a good performance at work. The good recruitment program will be able to give positive influence to increase employee commitment, productivity and the work quality (Patimah, 2015).

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## APPENDIX

**SCHOOL OF BUSINESS AND ECONOMICS**  
**DEPARTMENT OF MARKETING MANAGEMENT**  
**Questionnaire for Habesha Breweries S.C. employees**

### Preamble

Dear respondent! The aim of this questionnaire is to collect data for the study entitled “The Effect of work environment on employees Performance: (The Case of Habesha Breweries S.C.)”. Generally, this questionnaire is designed to examine and understand the effect of work environment on employee’s performance. Trust that the information you will honorably provide is strictly confidential and serve for academic purpose. To this end, your participation and genuine response to the questions is invaluable to the success of the study. No need of writing your name or any personal identification. Thus, I kindly ask your cooperation in filling this questionnaire truthfully.

Thank you for your cooperation and your time!!

### Section 1: Identification and Certification

#### General Information

Instructions: In giving your answer, please write the number of your choice in the corresponding table box provided.

#### **Part One: Respondents demographic information (Data)**

Fill in the blanks provided by a means of a cross (√) by indicating your correct choice

1. Sex: - Male ☐ Female ☐
2. Age: -18-25years ☐ 26-33years ☐ 34-41years ☐ 42-50 years ☐  
above 51 years ☐
3. Marital Status: Single ☐ Married ☐ Divorced ☐
4. Educational Level: - Below grade 10/12 ☐ Completed Grade 10/12 ☐  
Diploma ☐ 1<sup>st</sup> Degree ☐ Master’s Degree ☐ PhD ☐
5. How long have you been working in Habesha Breweries S.C.?  
1- 5 years ☐ 6-10 years ☐ 11-15 years ☐  
16-20 years ☐ more than 21 years ☐

6. Job position

Managers  Front /desk worker  Accountant  Voucher and cash room worker  Officer/Professionals  Junior officer/professionals  Nonprofessionals

**Part Two:** -The table that follows in the next section consists list of items related to organizational commitment; please put your choice a “√” mark for every statement based on your level of agreement.

1=Strongly Disagree (SD) 2=Disagree(D) 3= Neutral (N) 4=Agree (A) 5= Strongly Agree (SA)

No	Descriptions of Items	1	2	3	4	5
	<b>1.Physical Work Environment of the organization</b>					
1	The furniture such as chair, table, file cabinet etc I am using is comfortable, flexible to adjust, easily to rearrange.					
2	I have not been working for long and difficult working hours & days					
3	I have got enough office furniture and other facilities to do my job effectively.					
4	My office workspace is well designed & the layout of workspace & seating arrangement of chair & tables is very good and has sufficient room.					
5	There is no workload in my workplace. I can take sufficient breaks.					
6	Toilet and washing rooms are comfortable and always clean.					
7	I believe workload has great role in deciding the employee performance level.					
8	I work overtime to complete my tasks effectively without any complain.					
9	The physical surrounding where I am working is convenient to perform my duties easily					
	<b>2.Social Work Environment of the organization</b>					
1	My salary is enough and satisfactory in relation to what I do.					
2	I have support at workplace to balance my work and personal life.					
3	I am familiar & committed with the vision, mission, shared values, beliefs and goals of the factory.					
4	The opportunity for promotion exists in our factory.					
5	My supervisor values all the ideas and skills I bring to the factory.					
6	The current leadership style in the factory motivates employees for high level of performance.					
7	There is a good relationship between management and employees which promotes trust and loyalty among employees.					

8	I can express my feeling & opinion without fear of any negative consequence					
9	The base of different payment systems (benefit package) of the factory such as salary, promotion, allowances, transport service, over time e.t.c is reasonable and fair. Which treat employees fairly.					
10	I have enough authority & freedom to perform and decide on my duties& responsibilities.					
11	My supervisor delegates some of his duties to employee working with him.					
12	Our factory leaders at all levels and employees work together as a team to achieve the goal of the factory.					
13	In our factory there is no any discrimination based on gender, religion, disability, race, age and political ideology. Treat each employee equally.					
14	Our factory leaders including my boss have the authority to make decision in their area of responsibility. They give fast decision					
15	Each employees and teams have clearly defined goals that relate to the goals or mission of the factory.					
16	I do my job with good confidence & care because there is a reliable and innocent management.					
17	I have good relationship with my supervisor and co-workers.					
18	Our factory always provide recognition for hard working employees					
	<b>3.Administrative work environment of the organization</b>					
1	Employees who need training are primarily identified based on their skill & performance gap.					
2	The necessary & sufficient job related training is given regularly to develop skills that help me to do my job effectively.					
3	Employee performance is properly evaluate based on job related tangible facts.					
4	The Performance appraisal system is fair, transparent and comprehensive to all.					
5	Incompetent employees are identified and provided with the necessary support					
6	I have strong desire to apply what I have learned during training					
7	There is a strong follow up, control and provides continuous evaluation after training.					
8	I have the chance to participate on preparation of planning, setting standards for measuring results, performance evaluation programs & decision making.					
9	My supervisor gives me regular & constructive feedback on my performance					
10	The need for new human resource recruitment is always comes and guide by human resource planning					
11	There is no excess or idle manpower in our factory (It is keeping the balance of demand & supply of HR )					
12	The human resource recruitment & selection process is transparent, accurate, fair and speedy.					
13	The human resource work process is strictly follows the policy, procedures and creative in finding new ways to attract top talent employees					

14	Our factory providing me job aid tools such as job descriptions, guidance, procedures, manuals, template, checklist where I can learn on my job by myself					
	<b>Employees Performance</b>					
1	I strictly follow & respect the policies, rules and procedures of the factory (e.g. ethical principles, rules of conduct etc.)					
2	I effectively utilize resources including time and materials to provide quality services.					
3	My job performance has been continually improving.					
4	The existing motivational packages like salary, recognition, promotion, allowances, transport service, overtime e.t.c are helping to motivate employees for higher level of performance					
5	I usually take time to follow up with customers to ensure that they are satisfied with my services					
6	I perform my work with speedy, accuracy and complete within the time allocated.					
7	The degree to which I do my work meets our factory& customers' requirements					
8	Our factory work environment is good for employees in terms of enabling them to optimally utilize our knowledge, skill and ability.					
9	I effectively communicate, cooperate & work with employees and customers.					
10	I am present on my workplace regularly.					
11	My job is in line with my interests, skills, knowledge and attitudes.					

If you have any additional suggestion-----

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**“Thank you for your cooperation”**

## APPENDIX-TWO

		<b>Correlations</b>			
		Physical work environment	Social work environment	Administrative work environment	Employees performance
	Pearson Correlation	1	.498**	.404**	.344**
	Sig. (2-tailed)		.000	.000	.000
	N	143	143	143	143
	Pearson Correlation	.498**	1	.614**	.348**
	Sig. (2-tailed)	.000		.000	.000
	N	143	143	143	143
	Pearson Correlation	.404**	.614**	1	.417**
	Sig. (2-tailed)	.000	.000		.000
	N	143	143	143	143
	Pearson Correlation	.344**	.348**	.417**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	143	143	143	143

\*\* . Correlation is significant at the 0.01 level (2-tailed).

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.462 <sup>a</sup>	.214	.197	.55919

a. Predictors: (Constant), Administrative work environment, Physical work environment, Social work environment

### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	11.806	3	3.935	12.585	.000 <sup>b</sup>
	Residual	43.465	139	.313		
	Total	55.270	142			

a. Dependent Variable: Employees performance

b. Predictors: (Constant), Administrative work environment, Physical work environment, social work environment